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**AN EVALUATION OF THE ACQUISITION
STREAMLINING METHODS AT THE FLEET AND
INDUSTRIAL SUPPLY CENTER PEARL HARBOR
HAWAII**

By

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June 1999

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THE FLEET AND INDUSTRIAL SUPPLY CENTER PEARL HARBOR HAWAII**

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**Submitted in partial fulfillment of the
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ABSTRACT

Federal contracting officials are contending with a virtual barrage of reforms, involving new legislation, new contract vehicles, and new business practices - thus changing how agencies are to operate with respect to acquisition streamlining. This thesis evaluates the effectiveness of the Fleet and Industrial Supply Center (FISC) Pearl Harbor's implementation of acquisition streamlining initiatives and recommends viable methods of streamlining the acquisition process at FISC Pearl Harbor and other Naval Supply Systems Command-governed FISC activities.

The primary methods of streamlining the acquisition process evaluated at FISC Pearl Harbor include both the internal and external factors to the organization. Internal factors include the organizational design within FISC Pearl Harbor and its relationship to the customers of, and the principal contracting techniques and processes employed by the Regional Contracting Department in search of acquisition streamlining. The external environment involves the proposed partnership with the Pacific Naval Engineering Command in support of regionalization on the Hawaiian Islands.

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I. INTRODUCTION

A. BACKGROUND

1. Environment

Federal contracting officials are contending with a virtual barrage of reforms, involving new legislation, new contract vehicles, and new business practices. In order to ensure agency needs are met within the regulatory framework, the challenge has always been to know the laws and regulations. However, today's contracting environment brings with it a new vision of how agencies are to operate. As the first Commanding General of the Defense Contract Management Command, Major General Charles R. Henry, USA (Retired) explains, agencies must "develop new thinking and definition in the process."

[Ref. 1: p. 181]

The list of recent reforms is formidable, and gaining sufficient expertise to implement these reforms is no small task. On the acquisition front, the latest installments are the 1994 Federal Acquisition Streamlining Act (FASA), the Federal Acquisition Reform Act (FARA) of 1996, and the Information Technology Management Reform Act of 1996.

These laws ease procedures for buying commercial services and products, simplify the process for smaller purchases, and require better business planning and a performance-oriented environment for information technology purchases. Moreover, each of these laws fits into an even broader agency-wide structure for accomplishing missions and goals required by the 1993 Government Performance and Results Act.

Under the Results Act, agencies need to develop strategic plans and tie their contracts and budgets to these plans.

All of these laws require agencies to answer the question former New York Mayor, Ed Koch, used to pose in his travels around the city: "How am I doin'?" Is the agency getting what it needs? Is the acquisition and information resources management system working and responsive? How do we know? Where's the evidence? [Ref. 2: p.1]

Defense acquisition is one of the largest industries in the world, accounting for over \$45 billion in defense procurement authorizations in 1998. [Ref. 3: p. 9-18] Although the Department of Defense (DoD) does manufacture a small percentage of its own equipment, it depends on the private sector to design, develop, and produce the vast majority of systems for the defense of the nation. This is the interface in which the problem of increasing bureaucracy and over-regulation begins. The acquisition of major defense systems has become so complex and resource consuming, that system costs have become prohibitive – systems take too long to field, thereby increasing the chance of obsolescence. To improve efficiency, we must find ways to reduce the cost and time involved in fielding a weapon system. The 103rd Congress and President Clinton, may have found the key: the Federal Acquisition Streamlining Act (FASA) of 1994. [Ref. 4: p. 1]

2. Fleet and Industrial Supply Center (FISC), Pearl Harbor

The Fleet and Industrial Supply Center (FISC), Pearl Harbor, is one of six FISCs supervised by the Naval Supply Systems Command (NAVSUP), to meet worldwide

logistics responsibilities. The contracting department is a major field contracting activity in the Navy field contracting system, having unlimited contracting authority, and providing acquisition support to all home-ported ships and submarines, all Navy and Marine shore activities, and, on a limited basis, Army, Air Force, and Defense Logistics Agency (DLA) activities.

Located 2,100 miles from the United States mainland and 3,400 miles from Japan, FISC's contracting department's mission is to provide procurement support for Navy and Marine activities in the Middle Pacific region for supplies, services and information technology resources. Generally, all supplies and services are purchased with the exception of specific construction-related items. [Ref. 5: p.1]

Acquisition streamlining is an integral part of FISC Regional Contracting Department's (RCD) ability to execute contracts successfully and in a timely manner. The "hot issue" of regionalization as well as the recent acquisition streamlining methods employed throughout the Navy make this study timely and beneficial, especially with respect to FISC Pearl Harbor.

Regionalization at FISC Pearl Harbor is currently a controversial subject. This study provides an unbiased analysis of the pros and cons of regionalization in the context of acquisition streamlining at FISC Pearl Harbor. Both FISC Pearl Harbor and NAVSUP, as the Head of Contracting Authority (HCA) for FISC Pearl Harbor, have vital interests in this area of research.

B. FOCUS OF RESEARCH

The main thrust of this study is to examine the principles of acquisition streamlining and the application of those principles within the acquisition process, specifically as they apply to FISC Pearl Harbor. Both internal and external factors in the acquisition process are discussed and analyzed, leading to recommendations of how to further streamline the acquisition process for FISC Pearl Harbor and for the Naval Supply Systems Command (NAVSUP).

Therefore, the goal of this thesis is to evaluate the effectiveness of FISC Pearl Harbor's implementation of acquisition streamlining initiatives and to recommend viable methods of streamlining the acquisition process at FISC Pearl Harbor and other NAVSUP- governed FISC activities while maintaining the benefits of other procurement legislation and programs. FISC Pearl Harbor will benefit from the information presented because of the resultant improvement in FISC's ability to procure end-user goods and services for its fleet and shore-based customers. This study benefits not only FISC Pearl Harbor, but also NAVSUP Headquarters, which is the HCA for FISC Pearl Harbor.

C. RESEARCH QUESTIONS

Based on the objectives cited above, the following primary research question is addressed in this study: **What are the viable methods of streamlining the acquisition process at FISC Pearl Harbor?**

In support of the primary research question, the following subsidiary questions are addressed:

- What are the essential components of the acquisition streamlining process?
- What are the principal contracting techniques currently used for acquisition streamlining?
- What are the characteristics of customers at FISC Pearl Harbor?
- Should the Hawaiian Islands be “regionalized” to provide “one face to the customer?” If so, should FISC Pearl Harbor RCD be allowed to satisfy all contracting requirements generated by the Pacific Division, Naval Facilities Engineering Command (NAVFAC), Commander in Chief, Pacific Fleet (CINCPACFLT), and possibly Army, Air Force, and Marine activities on the islands?

D. RESEARCH METHODOLOGY

The information presented in this study was obtained through primary and secondary research. Primary research consisted of personal and telephone interviews of key personnel within the contracting directorate of FISC Pearl Harbor. Data on the acquisition process were compared and analyzed, covering the period before and after the establishment of acquisition streamlining initiatives.

This study uses literature research and interviews with FISC Pearl Harbor procurement officials to ascertain current FISC Pearl Harbor policies and acquisition techniques with respect to acquisition streamlining. Information was gathered regarding

existing and planned acquisition streamlining techniques. Information gathered from FISC Pearl Harbor contracting not only is used to recommend further acquisition streamlining processes, but also offers a snapshot of both internal and external perceptions of the proposed regionalization effort for the Hawaiian Islands.

Secondary research consisted of a review of relevant literature. Literature was obtained from FISC Pearl Harbor, NAVSUP, the Naval Postgraduate School library, and the internet. Additional data were obtained from current and past DoD and Federal instructions, directives, and regulations; previous theses; and current publications relevant to the Federal acquisition process. Results from interviews and contract file analysis were the basis for assessing the effectiveness of FISC Pearl Harbor's streamlining efforts.

E. SCOPE OF THE STUDY

This thesis is limited to studying the procurement process at FISC Pearl Harbor for end-user goods and services valued in excess of \$100,000. The small-purchase process at FISC Pearl Harbor is excluded from this study. The study focuses on the procurement process from the point when a purchase request (PR) is received by the center until an award document is signed by the contracting officer. This study also analyzes the impact of recent acquisition legislation concerning acquisition streamlining initiatives and regionalization efforts, which affect the acquisition process. All conclusions and recommendations are based on the analysis provided.

F. ASSUMPTIONS

Throughout this study it is assumed that the reader is familiar with the Federal acquisition process and its limitations and idiosyncrasies. It is further assumed that the reader is familiar with basic contracting and acquisition terminology.

G. CHAPTER OUTLINE

This thesis is organized to give the reader a comprehensive overview of the acquisition process at FISC Pearl Harbor, and the legislative environment in which it operates. Chapter I provides an introduction. Chapter II presents a review and description of the Federal acquisition streamlining initiatives that have been implemented by the Federal government to improve the Government's procurement process.

Chapter III provides a discussion of acquisition streamlining initiatives currently employed at FISC Pearl Harbor and outlines the current atmosphere on the Hawaiian Islands with respect to regionalization efforts – especially benefits and trade-offs between commands.

Chapter IV presents a critical in-depth analysis of acquisition streamlining initiatives and potential regionalization benefits to be considered by FISC Pearl Harbor. Finally, Chapter V provides conclusions and offers recommendations for streamlining and “regionalizing” the acquisition process at FISC Pearl Harbor.

II. ACQUISITION STREAMLINING INITIATIVES

A. INTRODUCTION

This chapter focuses on the streamlining initiatives that have been implemented over the years to improve the Government procurement process. The following is a history of the acquisition streamlining initiatives, tracing the roots from the Shea Task Force of 1977 through the Federal Acquisition Reform Act (FARA) of 1996.

B. SHEA TASK FORCE OF 1977

Streamlining is not a new concept. Its roots reach back as far as 1977 to the Defense Standardization Board's "Shea Task Force" that was set up to examine the overabundance of military specifications/standards (MILSPEC/STDS). This task force found that MILSPECS/STDS are essential to technical procurements. They serve as a "corporate memory" for the Department of Defense (DoD), providing lessons learned and serving as a baseline for the inexperienced program manager. However, the task force also found that MILSPECS/STDS included a gross number of cost-drivers that primarily concern general system design, documentation, and management guidance. The task force concluded that MILSPECS/STDS, as well as their application within DoD, needed improvement. [Ref. 6: p.10]

C. THE CARLUCCI INITIATIVE OF 1981

In 1981, the Under Secretary of Defense, Frank Carlucci, issued a series of initiatives to improve the efficiency and effectiveness of DoD acquisitions. Specifically,

Initiative 14 entitled, "Reduce the Number of Defense Directives and Eliminate Non-Cost Effective Contract Requirements," was in fact the forerunner of what was to become the Acquisition Streamlining Initiative (ASI) of 1986. These initiatives gained momentum and support as DoD Directives started to reflect these ideas. For example, in 1982 DoD Directive 5000.1 advocated using common sense and tailoring requirements to specific programs. The 1985 version of the same directive echoes these sentiments practically word-for-word:

The acquisition strategy developed for each major systems acquisition shall consider the unique circumstances of individual programs. Programs shall be executed with innovation and common sense. To this end, the flexibility inherent in this Directive shall be used to tailor an acquisition strategy to accommodate the unique aspects of a particular program... [Ref. 6: p. 11]

D. THE PACKARD COMMISSION OF 1985

Rising concern over creating an effective as well as an ethical procurement system led to President Reagan appointing the Blue Ribbon Commission on Defense Management by Executive Order 12526 on 15 July 1985. This commission, chaired by David Packard, conducted a broad examination of defense management, with particular emphasis on recognized deficiencies in the acquisition system. The commission examined DoD's overall command structure and its system for determining agency requirements as well as the administrative procedures for conducting the acquisition process. The commission's objectives were to:

- Review the adequacy of the defense acquisition process, including the adequacy of the defense industrial base, and current law governing Federal and DoD procurement activities.

- Review the adequacy of the current authority and control of the Secretary of Defense (SECDEF) in the oversight of the military departments;
- Review the responsibilities of the organization of the Joint Chiefs of Staff in providing for joint military advice, and force development within a resource-constrained environment;
- Review the adequacy of the Unified and Specified Command System in providing for the effective planning for and use of military forces;
- Review the procedures for developing and fielding military systems incorporating new technologies in a timely fashion;
- Study and make recommendations concerning congressional oversight and investigative procedures relating to DoD; and
- Recommend methods for improving the effectiveness and stability of resources allocation for defense, including the legislative process. [Ref. 7: p.34]

During the period since the Packard Commission reported to President Reagan, Congress has taken several steps to implement portions of the commission's recommendations, most notably the Defense Acquisition Workforce Improvement Act (DAWIA) and the Defense Management Review (DMR). [Ref. 8: p. 34]

E. THE ACQUISITION STREAMLINING INITIATIVE (ASI) OF 1986

Deputy Secretary of Defense, William H. Taft IV, addressed the problems noted by the Shea Task Force, the Carlucci Initiatives, and the Packard Commission by issuing memoranda and eventually publishing DoD Directive 5000.43, entitled, "Acquisition Streamlining," and popularly known as the "Acquisition Streamlining Initiative (ASI)." The ASI policy is as follows:

- Streamline solicitations and contract requirements. Requirements that are not mandated by law or established DoD policy, and do not contribute to the system's operational effectiveness, shall be excluded.
- Streamline contract requirements at the onset of development and every subsequent phase. Avoid premature application of design solutions:
 - (a) At the onset of development, system-level requirements will be specified in terms of mission performance and operational effectiveness;
 - (b) Require early industry involvement;
 - (c) Prior to Full Scale Development (FSD), MILSPECs/STDS will be cited for guidance only. In the course of contractor performance, if the requirements are found pertinent to the system, they shall be tailored for application to FSD;
 - (d) In FSD contracts, only cited MILSPECs/STDS shall be applied (first tier). All other (second tier and below) specifications referenced shall be for guidance only;
 - (e) In production contracts, streamlining is still pertinent with emphasis that only essential requirements are carried forward to follow-on production. In production, only those baseline MILSPECs/STDS shall be contractually pertinent;
 - (f) During all acquisition phases, the contractor's internal management shall be used;
 - (g) Contractors are required, under the contract, to provide recommendations for application and tailoring contract requirements.
- The military departments shall designate an advocate of flag or senior executive service (SES) rank with the responsibility of instituting policies, procedures, and management controls to assure compliance with DoD Directive 5000.43. Also, advocates shall ensure proper training is conducted, plus, develop a program recognizing streamlining. Advocates must prepare an annual acquisition streamlining plan. [Ref. 8: p. 3]

The ASI is all about change – a change of attitude and a change in the way DoD does business. ASI encourages DoD to assume a bit more risk, acknowledging that strict controls over every aspect in the complex, lengthy acquisition process is impossible. ASI uses common sense. Innovative thinking, yes, but not impossible to implement.

F. STREAMLINING DEFENSE ACQUISITION LAWS OF 1991 (THE NATIONAL DEFENSE AUTHORIZATION ACT)

With the passage of the National Defense Authorization Act for FY 1991, Congress declared that the time had come to start the process of rationalizing, codifying, and streamlining this body of acquisition law. Section 800 of that act directed the official responsible for administering DoD acquisition laws and regulations – the Deputy Under Secretary of Defense for Acquisition Reform, Colleen A. Preston – to appoint an advisory panel of Government and private-sector experts to review all laws affecting DoD procurement, “with a view toward streamlining the defense acquisition process.”

The panel was to ensure that acquisition laws should:

- Identify the broad policy objectives and the fundamental requirements to be achieved. Detailed implementing methodology should be reserved to the acquisition regulations.
- Promote financial and ethical integrity in ways that are:
 - (a) simple and understandable;
 - (b) not unduly burdensome; and
 - (c) encourage sound and efficient procurement practices.
- Establish a balance between an efficient process, full and open access to the procurement system, and socioeconomic policies.
- Facilitate, without alteration of commercial accounting or business practices, Government access to commercial skills and technologies.
- Facilitate, without requiring contractors to incur additional costs, DoD or contractor of commercial or modified commercial products and services at, or based on, commercial market prices.
- Enable companies (contractors or subcontractors) to integrate the production of both commercial and Government-unique products in a single business unit without altering their commercial accounting or business practices.
- Promote the development and preservation of an industrial base and commercial access to Government-developed technologies.

- Provide the means for the expeditious and fair resolution of procurement disputes through the uniform interpretation of laws and implementing regulations.
- Encourage the exercise of sound judgement on the part of the acquisition personnel.
- When generating reporting requirements, permit as much as possible the use of data that already exists and are already collected without imposing additional administrative burdens. [Ref. 9: p. 5]

To facilitate a systematic approach and to divide the labor of reviewing so many statutes, the panel established working groups covering eight major functional areas: contract formation, contract administration, service-specific and major systems statutes, socioeconomic requirements, small business and simplified acquisition, standards of conduct, commercial procurement, and international defense cooperation.

The panel's report was transmitted to the defense committees of the Congress on 14 January 1993. Of more than 600 laws reviewed by the panel, almost 300 were recommended for repeal, deletion, or amendment. That remarkable total reflected the panel's concentration on changes that would streamline the defense procurement process in the 1990s, when dollars were expected to be fewer, workforces smaller, and superpower security threats less urgent. The panel's initiatives in three areas of particular importance are as follows:

- Streamlining. There had been an unfortunate tendency in recent years for statutes to be enacted without a clear view as to their ultimate effect upon the acquisition system. The panel took this as a challenge which prompted a concerted effort to consolidate and simplify statutes in every area of its review. The detailed changes recommended for almost 300 statutes would result in a streamlined system of acquisition laws, more easily understood, administered, and implemented.

- Commercial Items. The panel recommended significant legislative changes in order to improve the DoD's access to commercial technologies. Those recommendations are reflected not only in the panel's analysis of the basic procurement statutes, such as Truth in Negotiations Act (TINA) and Competition in Contracting Act (CICA), but also in the extensive reforms it recommended to enhance the acquisition of commercial items, both as end-items and as components of DoD systems.
- Simplified Acquisition. There is a clear need to trim the DoD's administrative overhead, not only to reduce costs and cope with change, but also to anticipate the effects of current and planned personnel reductions on the acquisition workforce. The panel determined that the creation of a new "simplified acquisition threshold" – initially to be set at \$100,000 – would streamline more than 50 percent of all DoD contract actions over \$25,000, while affecting less than five percent of its contract dollars. Integral to these recommendations is a continued preference for small business, as well as measures needed to simplify contract management for both DoD and its suppliers. [Ref. 9: p. 7]

There is no question that the reforms recommended by the panel would have had the greatest effect if they had been passed as a comprehensive package. However, even the enactment of the major recommendations outlined in this summary made significant progress toward the goal of streamlining and simplifying the defense acquisition process. While the improvement of that system was the primary focus of the panel, its members fully recognized the importance of seeking Government-wide consistency in procurement matters. [Ref. 10: p. 45]

G. REINVENTING FEDERAL PROCUREMENT (1993)

In March 1993, President Clinton convened a six-month study, led by Vice President Al Gore to find ways to re-invent Government so that it would work better at less cost. This study, the National Performance Review (NPR), brought together

experienced employees from all sectors of the Federal Government. Experts were organized into a series of teams to examine both agency and cross-agency systems, such as budget, procurement, and personnel. The NPR is considered unique because it was conducted by a group of experts from within the Government as opposed to past reviews conducted by outside experts.

The NPR teams reviewed what is considered baseline information, such as the Section 800 panel report; streamlining defense acquisition laws; the merit system protection board study, “Workforce Quality and Federal Procurement: An Assessment”; and the Center for Strategic and International Studies’ reports on integrating civilian and military technologies addressing procurement matters. In addition, the NPR on the whole sought ideas from other Federal workers; foreign, state, and local Government officials; industry associations; union officials; management experts; business leaders; and private citizens.

The Section 800 report and the NPR both recommended substantive changes in procurement, yet the former focused solely on the DoD while the latter took a Government-wide approach to procurement reform. The Section 800 had more time to spend and a larger staff to employ for a review that focused primarily on the laws. A procurement team member was quoted as saying, “We did not want to focus on laws. We wanted to look at all levels (of Government) to see what kinds of things might be done to bring about change and make the system work better.” [Ref. 11: p. 20]

The NPR report lists 20 summary recommendations for re-inventing Federal procurement, specifically:

1. Reframe acquisition policy. Convert the 1,600 pages of FAR from a set of rigid rules to a set of guiding principles.
2. Build an innovative procurement workforce. Provide civilian agencies with authority for improving the acquisition workforce similar to DoD's workforce.
3. Encourage more procurement innovation. Establish a mechanism to disseminate information Government-wide on innovative procurement ideas.
4. Establish new, simplified acquisition thresholds and procedures. Enact legislation to simplify small purchases by raising the threshold for the use of simplified acquisition procedures from \$25,000 to \$100,000.
5. Reform labor laws, and transform the Labor Department into an efficient partner for meeting public policy goals. Improve access to wage schedules through an on-line electronic system.
6. Amend protest rules. Change the standard of review at the General Services Board of Contract Appeals to conform to that used in the relevant courts.
7. Enhance programs for small business and small disadvantaged business concerns. Authorize civilian agencies to establish small disadvantaged business set-asides.
8. Reform information technology procurements. Increase the delegation of authority to agencies to purchase information technology.
9. Lower costs and reduce bureaucracy in small purchase through the use of purchase cards. Provide managers with the ability to authorize employees to purchase small dollar-value items directly using a Government purchase card.
10. Ensure customer focus in procurement. Revise Procurement Management Reviews (PMR) to incorporate NPR principles such as "focusing on results" for the line managers.
11. Improve procurement ethics laws. Create consistency across the Government in the application of procurement ethics laws.

12. Allow for expanded choice and cooperation in the use of supply schedules. Allow state and local Governments, grantees, and certain nonprofit agencies to use Federal supply sources.
13. Foster reliance on the commercial market. Change laws to make it easier to buy commercial items.
14. Expand electronic commerce for Federal acquisition. Establish a Government-wide program to use electronic commerce for Federal procurements.
15. Encourage best-value procurement. To recognize other factors besides price, define "best value" and provide regulatory guidance to implement a program for buying on a "best-value" basis.
16. Promote excellence in vendor performance. Establish an award for contractor and Government acquisition excellence.
17. Authorize a two-phase competitive source selection process.
18. Authorize multi-year contracts.
19. Conform certain statutory requirements for civilian agencies to those of defense agencies. Maintain the \$500,000 threshold for cost and pricing data requirements for DoD, and establish the same threshold for civilian agencies.
20. Streamline buying for the environment. Develop "best practice" guides on buying for the environment. Encourage multiple award schedule contractors to identify environmentally preferable products. [Ref. 11: p. 22]

The great strength of the NPR is that it is philosophically robust and attacks the root causes of current acquisition problems. The recommendations established by the NPR laid the foundation for the Federal Acquisition Streamlining Act (FASA) of 1994.

H. THE FEDERAL ACQUISITION STREAMLINING ACT (FASA) OF 1994

The Federal Acquisition Streamlining Act of 1994 (FASA) (Public law 103-355), signed by President Clinton on 13 October 1994, is designed to simplify and streamline

the Federal procurement process, significantly changing how the Government does business. The Act repeals or substantially modifies more than 225 provisions of law to reduce paperwork burdens, facilitate the acquisition of commercial products, enhance the use of simplified procedures for small purchases, transform the acquisition process to “electronic commerce,” and improve the efficiency of the laws governing the procurement of goods and services. [Ref. 4: p. 1]

FASA impacted all areas of the procurement process. The changes due to the FASA occurred in five general areas: authorizing specific pilot programs, emphasizing commercial items and practices, streamlining acquisition procedures under an elevated small purchase threshold, implementing a Federal Acquisition Computer Network (FACNET), and reducing the requirements for cost and pricing data. [Ref. 12: p.57]

Pilot programs. Specific pilot programs were conducted to gain measurable insights into possible returns from acquisition reform efforts and also to improve protest and oversight processes.

Commercial Items and Practices. As with Federal Acquisition Regulations (FAR) parts 10, 11, and 12, FASA emphasizes the role of market research, creates a preference for purchasing a commercial item, eliminates statutory restrictions on commercial item purchases, and provides for use of commercial practices where commercial items are not purchased.

The Simplified Acquisition Threshold (SAT) and Simplified Acquisition Procedures (SAP) were created. The SAT was set at \$100,000. All procurements less than this threshold were relieved from burdensome statutory requirements. Simplified acquisition procedures were set up to accommodate the inclusion of FACNET and

electronic commerce/electronic data interchange (EC/EDI). FAR part 13 was altered accordingly.

FACNET was created. This provided the opportunity to “push” Requests for Proposals (RFPs) to the vendor instead of making the vendor “pull” them from sources similar to the Commerce Business Daily (CBD). It reduced administration costs and delays associated with excess paperwork. FAR parts 4 and 13 were also altered accordingly.

Cost and pricing data. The last general area of improvement under FASA was in reducing the requirements for obtaining cost and pricing data. [Ref. 12: p. 58]

The pieces of legislation of the FASA, however, are just the first course in a whole new acquisition reform menu. The second course includes a variety of contracting vehicles aimed at facilitating the acquisition process. They reduce procurement time and cost; they move away from grand-design, mega-projects toward a phased, solutions-based approach; and they focus on responsiveness, simplicity, and outcomes.

The techniques include:

- Multiple-award, indefinite-quantity contracts, which use competitive task orders for acquiring goods or services.
- Government-wide acquisition contracts, which allow one agency to offer its contract vehicle to the rest of the Federal Government.
- The General Services Administration’s multiple-award schedules, which offer commercial products and services at pre-negotiated terms and prices.
- Blanket purchase agreements (BPAs) between agencies and schedule contractors, which are structured to meet recurring needs. [Ref. 2: p. 2]

I. INFORMATION TECHNOLOGY MANAGEMENT REFORM ACT OF 1996

This act gave the General Services Administration exclusive authority to acquire computer resources for all of the Federal Government. It assigns overall responsibility for the acquisition and management of information technology (IT) to the Director, Office of Management and Budget (OMB). It also gives authority to acquire IT resources to the heads of agencies and makes them responsible for effectively managing their IT investments.

The primary purposes of the bill were to streamline IT acquisitions and emphasize life cycle management of IT as a capital investment. Key acquisition actions were to:

- Give IT procurement authority back to the agencies,
- Encourage incremental acquisition of IT systems,
- Encourage the acquisition of commercial off the shelf (COTS) IT products, and
- Design and implement an IT management process for maximizing the value and assessing and managing the risks of IT acquisitions.
[Ref 13: p. 1]

J. THE FEDERAL ACQUISITION REFORM ACT (FARA) OF 1996

The 1996 Federal Acquisition Reform Act (FARA) continued the streamlining efforts in legislative areas. FARA streamlined competition requirements. It reformed IT acquisition by repealing former legislation (1965 Brooks Act) that had differentiated and prolonged IT procurement. In following, it delegated IT management to a chief information officer (CIO) in each of the Federal agencies and required the Office of Management and Budget (OMB) to provide capital investment guidance. Additionally,

FARA allowed contracting officers to limit the number of bidders considered in the competitive range and increased the “other than full and open competition” threshold from \$10 million to \$50 million. It also simplified and clarified confusing procurement integrity laws and further broadened FASA simplified acquisition thresholds to include all commercial items up to \$5 million. [Ref. 12: p. 59] FARA was the second of a “one-two punch” that showed that Congress was “on board” with acquisition streamlining and reform. [Ref. 14]

K. SUMMARY

This chapter discussed the various streamlining initiatives proposed to reduce the time and cost of an acquisition while maintaining or improving product quality. Key elements of each of the initiatives were presented and discussed in terms of their impact on the acquisition process. Chapter III presents a discussion of acquisition streamlining initiatives currently employed at FISC Pearl Harbor and the current atmosphere on the Hawaiian Islands with respect to regionalization.

III. FISC PEARL HARBOR CONTRACTING ENVIRONMENT

A. INTRODUCTION

Until 1994, the Department of Defense (DoD) acquisition system was best characterized as rule-constricted, oppressed with oversight, and rigid to the point that it could not rapidly contract and field new technology before that technology became obsolete. [Ref. 15] The Federal Acquisition Streamlining Act (FASA) of 1994 and the Federal Acquisition Reform Act (FARA) of 1996 moved DoD significantly forward. The contracting community is becoming more flexible, empowered, and customer focused. These changes are most succinctly stated in the vision of the federal acquisition system. The Federal Acquisition Regulation (FAR) Part 1.102 states the purpose of the Federal acquisition system is to, “deliver on a timely basis the best value product or service to the customer, while maintaining the public’s trust and fulfilling public policy objectives.” [Ref. 16] This balance is a worthy objective that is the focus of today’s acquisition streamlining efforts.

Implementation of FASA and FARA, including an increasing use of commercial sources and practices, made reasonable, prudent, and risk-managed changes in DoD contracting. These changes were accomplished in the face of continued downsizing, expanded duties for contracting personnel through empowerment, and consolidations of contracting offices. In fact the contracting/support personnel should be commended for implementing the changes rapidly, effectively, and efficiently while maintaining high-quality service to the customer despite downsizing. [Ref. 15]

This chapter describes the Fleet and Industrial Supply Center (FISC) Pearl Harbor and its Regional Contracting Department (RCD), addressing acquisition streamlining initiatives and the current atmosphere on the Hawaiian Islands with respect to regionalization. Specifically, the chapter addresses the background of FISC, the RCD's organizational structure, the factors used to monitor RCD's performance, the contracting processes employed by RCD, the customers of RCD, and the current external influences imposed on the organization.

B. BACKGROUND

FISC Pearl Harbor is a major field activity of the Naval Supply Systems Command (NAVSUP). The Navy currently operates six FISCs under NAVSUP direction. The FISC's are located in Norfolk, VA; Jacksonville, FL; Bremerton, WA; San Diego, CA; Yokosuka, Japan; and Pearl Harbor, HI.

FISC Pearl Harbor provides procurement support to naval forces and supporting commands in the Mid-Pacific region. The Mid-Pacific region is defined as the Hawaiian Islands and the United States Territories of Guam and the Mariana Islands. This sphere of influence ranges over 3300 miles from Honolulu, Hawaii to the island of Guam.

Located on the island of Oahu, the FISC Pearl Harbor Regional Contracting Department (Code 200) mission statement is "To provide naval forces quality supplies and services." The RCD serves all shore commands in the Mid-Pacific region plus all homeported and transiting U.S. and foreign ships and submarines. [Ref. 17]

FISC Pearl Harbor provides contracting support for supplies, services, information technology resources, Range Operation Support (ROS), and Base Operation

Support (BOS) services to shore commands, fleet units (transient and home-ported), and the command infrastructures that directly support them in Hawaii and Guam. Support is also provided on a limited basis to Army, Air Force, other DoD, and Department of Transportation (DOT) activities. FISC Pearl Harbor exercises unlimited contracting authority for supplies and services under NAVSUP and awarded over 12,000 contracts with a total dollar value exceeding \$82,000,000 from October 1997 through September 1998. [Ref. 17]

This chapter will now discuss the FISC Pearl Harbor contracting environment. The environment will be discussed through internal organizational structure, contracting metrics, contracting processes, contracting specialists' survey, customers, and finally the external influences on the contracting organization.

C. FISC PEARL HARBOR REGOIONAL CONTRACTING DEPARTMENT (RCD) ORGANIZATIONAL STRUCTURE

The RCD is led by a Director (Code 200) who is typically a Commander, Supply Corps, USN, and a civilian Deputy Director (GS-1102-13). The current organization includes three contracts divisions: one large contracts division, one Simplified Acquisition Procedures (SAP) division, a Base Operating Support Services/Range Operating Support Services contracts division. The current organization is supported by an administrative staff, which includes a Standard Procurement System (SPS) Administrator and a Budget Assistant. [Ref. 18: p. 9]

On 7 April 1998, FISC Pearl Harbor RCD reorganized, establishing the Supply and Services Branch A (Code 201A), the Supply and Services Branch B (Code 201B),

and the Support Services Branch (Code 201C) under the Large Contracts Division (Code 201) of the RCD. These branches were to provide more personal and responsive support for the customers, a concept known as Customer Focused Contracting. [Ref. 19] The establishment of these divisions was in addition to the already existing Small Purchase Division (Code 202) and the Support Services Contract Division (Code 203). The revised organization for FISC RCD is depicted in Figure 3.1; specific duties and responsibilities as revised are addressed in detail in Appendix A.

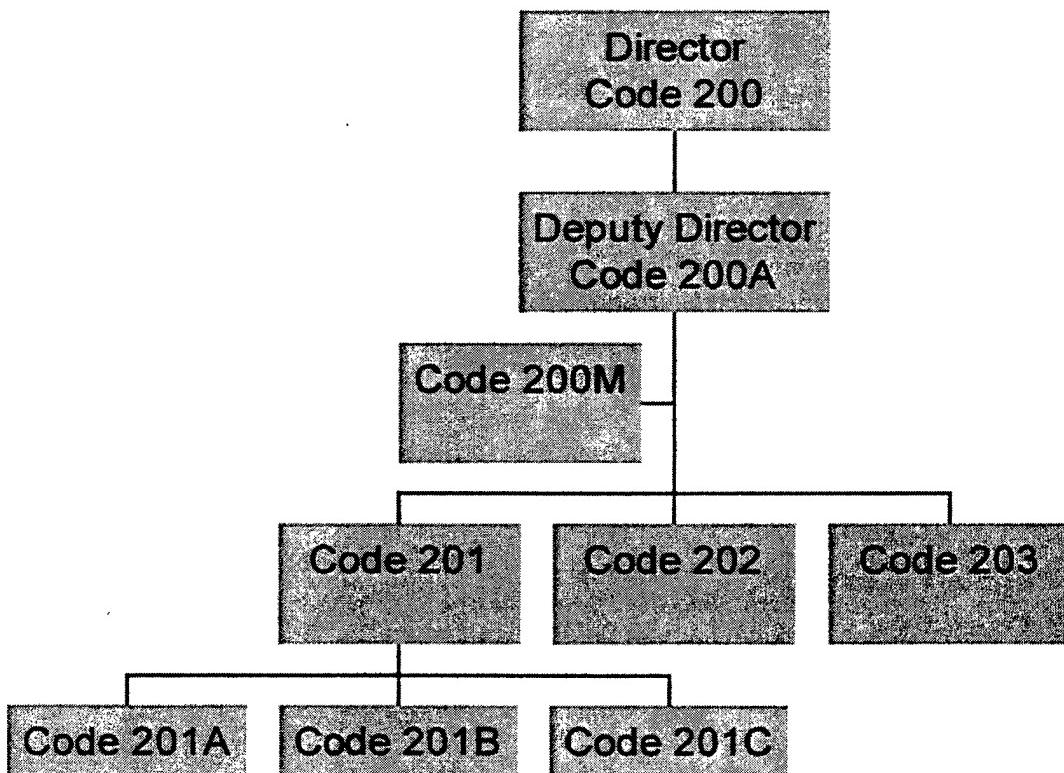


Figure 3.1. FISC RCD Organizational Chart

[From Ref. 19]

Customers are assigned to a “primary” contract specialist to provide personalized and continuous support. An assistant or “backup” contract specialist is also assigned in

the event of the primary contract specialist's absence. Although a primary and a back-up contract specialist is assigned for every contractual action, customers may not have all their contracts processed by the same contract specialist.

Authorized personnel and current personnel onboard as of May 1999 are depicted in Table 3.1.

	FY 99 Authorized	Current on Board
GS - 1102	19	11
GS - 1105	14	17
GS - 1106	3	3
Other	3	3
TOTAL	39	34
Interns (non-FISC)	2	2

Table 3.1. Authorized and Current Personnel on Board [Ref. 20]

D. CONTRACTING METRICS

The number of contracts awarded, dollar value of contracts awarded, and Procurement Action Lead Time (PALT) are common performance indicators used to measure a procurement office's performance. Figure 3.2. (Large Contracts FY95-FY98) and Table 3.2. (Procurement Acquisition Lead Time) depict FISC Pearl Harbor RCD's measure of effectiveness. In addition to these metrics, competition and small business goals and achievements for RCD are as depicted in Figure 3.3. (Competition and Small Business Goals).

1. Contracts awarded from fiscal year 1995 (FY95) to FY98 and corresponding dollar value

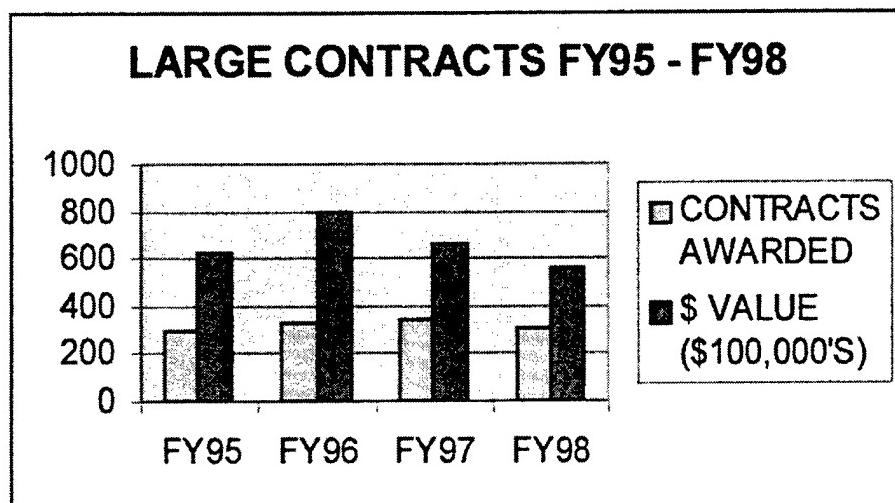


Figure 3.2. Large Contracts FY95-FY98 [From Ref. 18]

2. Procurement Acquisition Lead Time (PALT) FY97

Description	NAVSUP Goals	FISC Pearl Achievements
PALT (Large)		
\$100K-\$1M	150 Days	122 Days
\$1M-\$10M	250 Days	131 Days
\$10M and Up	340 Days	N/A

Table 3.2. Procurement Acquisition Lead Time [From Ref. 21]

3. Competition and Small Business Goals:

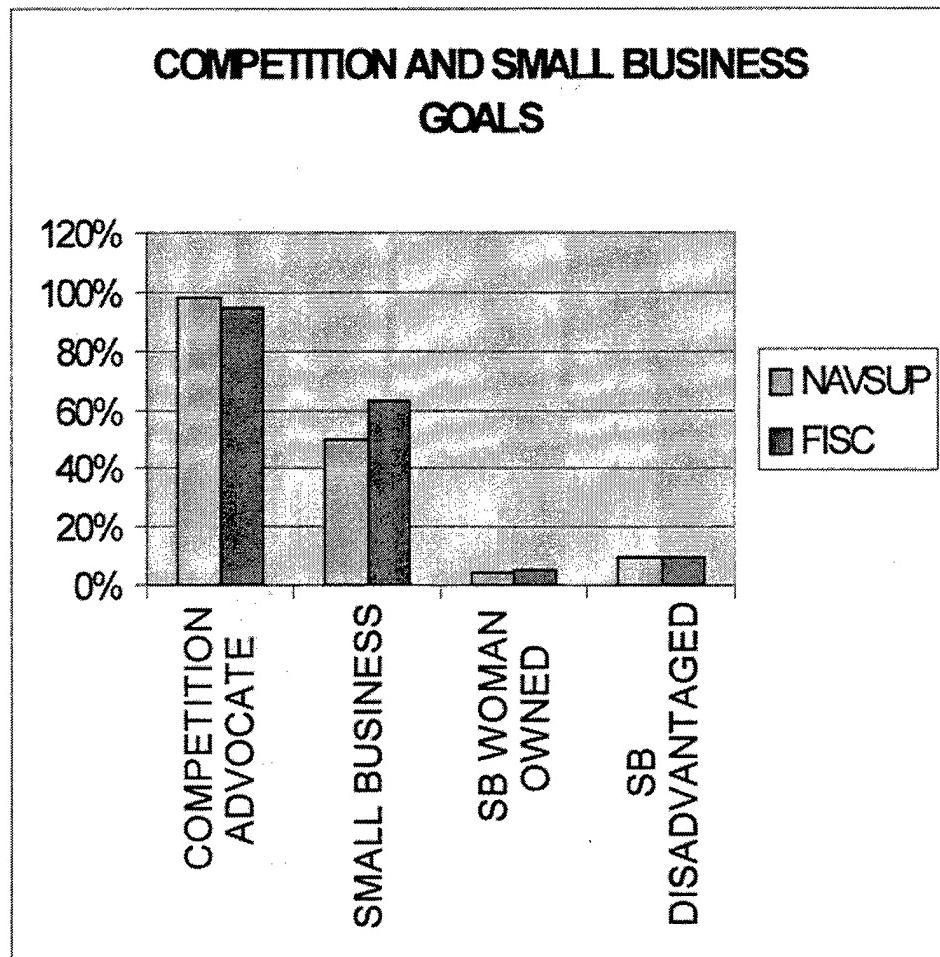


Figure 3.3. Competition and Business Goals

[From Ref. 21]

E. CONTRACTING PROCESSES EMPLOYED BY RCD

1. Documented Acquisition Streamlining Processes/Techniques

Driven by FASA and FARA, acquisition streamlining and acquisition reform efforts have been passed from Congress to USD (A&T), from the services to NAVSUP (HCA), and finally to the field contracting activities. The following acquisition

streamlining initiatives have found their way to the RCD and have been implemented and documented at the lowest level of the RCD.

Specific acquisition streamlining initiatives implemented by the RCD range from best value/past performance evaluation criteria to oral presentations and paperless contracting. Specific categories and examples of streamlining initiatives at the RCD are characterized in the following:

a. Past Performance/Best Value Evaluation Criteria

As required by FASA, in source selection decisions, past performance information must be considered to select the best sources. [Ref. 22: p. 2] RCD is complying with FAR Part 15.1, “Source Selection Procedures and Techniques” and FASA when conducting competitive source selections. [Ref. 23: p. 4] In addition RCD implements “best value” source selection for competitive acquisitions. To ensure compliance with FAR Part 15.1, and in conjunction with local counsel, RCD developed and implemented training on a new “guide” source selection plan and evaluation criteria for both commercial and other services. This new source selection plan provided for both the evaluation of “technically acceptable” as well as for past performance.

RCD revised their Contract Review Board (CRB) process to ensure closer review of competitive range determinations as well as the planned discussions for compliance with FAR Part 15.6. FISC Pearl Harbor RCD Memorandum No. 12, entitled “Contract Review Board” specifically requires all competitive range determinations that result in the elimination of one or more of the offerors from the competitive range be presented to the CRB for review and concurrence, regardless of dollar value.

Additionally, RCD's business clearance memorandums require the discussion of the competitive range determination and the negotiation objective. [Ref. 23: p. 4]

b. Past Performance

As required in the Contractor Performance Assessment Reporting System (CPARS) instruction [Ref. 24], service contract awards exceeding the \$1,000,000 threshold must be entered into the Navy's centralized CPARS system. The primary purpose of the CPARS is to ensure that data on contractor performance are current and available for use in source selections. CPARS can also be used to effectively communicate contractor strengths and weaknesses to source selection officials.

Performance assessments can be used as an aid in awarding contracts to contractors that consistently provide quality, on-time products and services that conform to contractual requirements. During the source selection process, the offeror should be notified of relevant past performance data derived from CPARS that requires clarification or could lead to a negative rating. [Ref. 24: p.1] CPARS maintains past performance evaluation criteria on contracts for a period of three years.

RCD manually inputs all qualifying contractual actions into CPARS and consults CPARS for past performance information during the pre-award process. Consequently, these past performance data are used extensively on Office of Management and Budget (OMB) Circular A-76 contracts awarded by the RCD. [Ref. 25]

c. Commercial Warranties

RCD uses the commercial sector warranties in accordance with FAR 13.5 and seeks commercial warranties instead of imposing additional Government warranties. For example, RCD is currently contracting for three chill water units which carry commercial warranties. [Ref. 26]

RCD contracting officers encourage commercial warranties to promote greater use of commercial products and buying practices and to decrease PALT. [Ref. 22: p. 2]

d. Paperless Contracting

As part of the Defense Reform Initiative, on April 1, 1998 the Secretary of Defense, directed that all DoD contracting will be paper-less by January 1, 2000. This initiative applies to all phases of the contracting process, including contractor selection, contract writing, administration, payment and accounting, auditing, and contract close-out. [Ref. 27: p. 19]

Today, DoD's business operations are literally awash in paper. Indeed, paper is not only driving the business culture of DoD, it is choking many essential systems. Paper is costly to complete, print, and maintain. DoD is making significant progress in moving towards an integrated, paper-less environment for many of the critical business functions. For example, DoD has:

- Established electronic relationships with its suppliers, reducing the time it takes to communicate requirements to the supplier base and thus improving response time to the war-fighter.
- Designed and selected an electronic data interchange product, the standard procurement system (SPS), to standardize the process by which contracts are awarded.

- Eliminated duplication of effort on the part of suppliers, a centralized contractor registration database is being created where suppliers doing business with the government can go to register one time, instead of registering with each individual buying office, to do business with the Government. [Ref. 27: p.19]

RCD has accomplished paper-less contracting as far as the pre-award phase on its Naval Computer and Telecommunications Area Master Station (NCTAMS) Base Communications, GUAM contract. RCD was able to place the solicitation on the internet, post and receive comments on a draft request for proposals (RFP), and issue the final RFP all without the use of paper. Offerors are still required to submit "hard-copy" proposals but this paper-less portion of the process has considerably streamlined the contracting efforts. The NCTAMS contract was awarded in May 1999. [Ref. 25]

e. Oral Presentations

Oral presentations allow offerors to present information verbally instead of in a more traditional written form. The oral presentation is not a mere restatement or replication of written proposal information. It could provide additional information, or it could even be used in lieu of a written proposal. The purpose of using the oral presentation technique is to eliminate, or greatly reduce, the need for written material, where information can be conveyed in a more meaningful and efficient way through verbal means. Its primary use has been to permit evaluators to assess the capability of the offeror directly from the key members of the offeror's team that will actually perform the work. Generally the offerors demonstrate their understanding of the work or describe how the work will be performed. [Ref. 28: p.1]

In a number of cases, the evaluators have conducted the oral presentation in the form of an interview, probing for additional information, posing sample tasks or using other techniques to test the ability of the offeror's team. [Ref. 28: p. 1]

The use of oral presentations has the potential to significantly reduce the time and costs associated with the source selection process. This benefit can be realized by both Government and industry. Oral presentations avoid the trappings of lengthy written marketing pitches and essay writing contests. In addition, certain types of written proposal information, particularly in the technical and management areas, are costly to prepare and time consuming to evaluate. Many technical and management processes often may be better conveyed and understood when explained orally or demonstrated visually. [Ref. 28: p. 2]

Potential advantages of oral presentations include the following:

- Save significant procurement lead time
- Improve communication and the exchange of information between government and offerors
- Reduce government costs
- Reduce offeror's costs
- Increase competition
- Make customers feel more involved in contract selection and award
- Improve ability to select the most advantageous offer. [Ref. 28: p. 3]

Oral presentations place the Government evaluation team face-to-face with prospective offerors to address real world business issues. Every element of the evaluation criteria is critically assessed to verify it would represent a real discriminator among offerors. Typically, resumes of all key personnel and organizational management plans are requested for a management factor, but do not serve as a true discriminator for evaluation. [Ref. 29: p. 1]

RCD has used oral presentations. Recently, RCD required oral presentations for base communications services on Guam. The offerors were to present a one-day, three-hour oral presentation in addition to a written proposal. After their three-hour presentation, the offerors were given a sample tasking, allowed one hour to collect their thoughts, and then given one hour to present another oral presentation. Contract project managers were required to brief the presentations. "Professional briefers" were not allowed. The purpose of these oral presentations was to clearly demonstrate the "quality of service" being proposed by the prospective offerors. [Ref. 29: p.1]

f. Progress against Procurement Plan Milestones

FISC Pearl Harbor RCD is implementing a new management information system (MIS). The internally developed MIS provides real time visibility of workload and progress towards acquisition milestones. The pre-award component was fully implemented on 1 October 1997 and ensures procurement plan milestones are monitored and updated in a timely fashion. The implementation of the post-award component of the MIS has been postponed pending standard procurement system (SPS) implementation. The post-award elements will ensure timely tracking of recurring requirements, wage

determination adjustments, contract close out actions, etc. As RCD transitions to SPS, a process that began in March 1999, the availability of reports and current data should increase significantly. [Ref. 23: p.1]

g. Simplified Format for Business Clearances for under \$500,000

RCD is developing, with employee input, a simplified format for business clearance memorandums under \$500,000 and for buys done under FAR Part 12, Acquisition of Commercial Items. In the interim, RCD is using the Navy Acquisition Procedure Supplement (NAPS) format for business clearance memorandums, but RCD has tailored Section II of the NAPS, Pre-Negotiation Clearances, to reflect only items applicable to requirements under \$500,000. This simplified format allows the contract specialist to tailor the clearance based on the value of the requirement rather than include all elements that are outlined in the NAPS. [Ref. 23: p. 4]

h. Training

RCD has established individual development plans (IDP) for all personnel in contracting. RCD has interfaced with other local acquisition offices and the Defense Acquisition University (DAU) to consolidate critical acquisition training requests. RCD has also identified commercial training courses that will provide valuable training to the acquisition staff, and RCD is taking advantage of all acquisition reform video teleconferencing broadcasts. Training requirements are included in annual budget requests. [Ref. 23: p. 2]

2. Perceived/Potential Acquisition Streamlining Initiatives at the RCD

An acquisition streamlining survey was given to all contracting specialists employed at FISC Pearl Harbor. The survey, consisting of twenty-four questions, is provided in its entirety as Appendix B. The survey was designed to collect data in support of evaluating information from thirteen general categories:

1. A general description of the survey respondent.
2. The respondent's general level of understanding of acquisition streamlining.
3. Who currently performs acquisition streamlining at the FISC.
4. The respondent's opinion of when acquisition streamlining should be conducted.
5. When acquisition streamlining is actually conducted at the FISC.
6. How buying agents at the FISC are currently organized and, in their opinion, the extent to which the organization supports acquisition streamlining.
7. Acquisition streamlining techniques employed.
8. Perceived activity emphasis on acquisition streamlining.
9. Level of resources available to support acquisition streamlining.
10. Existence of any policy or barriers to conducting acquisition streamlining.
11. Skills possessed, individually or organizationally, which support acquisition streamlining.
12. Perceived value and benefits of conducting acquisition streamlining.
13. Existence of metrics used in measuring effectiveness of acquisition streamlining.

F. CUSTOMERS

Customers of FISC Pearl Harbor come predominately from the Mid-Pacific region: the Hawaiian Islands, the Mariana Islands, and the island of Guam as well as home ported and transiting ships and submarines. A comprehensive list of shore-based customers of FISC Pearl Harbor's RCD for FY98 is found in Appendix C.

The customers in terms of dollar value and number of contractual actions for FY 98 are depicted in Figure 3.4.

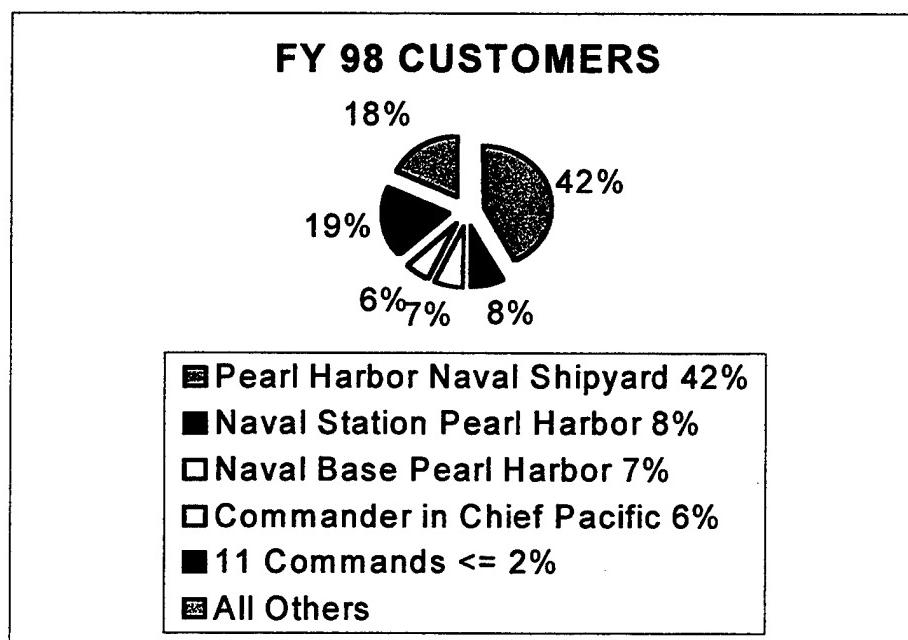


Figure 3.4. FY 98 Customers

[From Ref. 30]

G. EXTERNAL INFLUENCES ON THE ORGANIZATION

The Office of the Chief of Naval Operations, Navy Staff (OPNAV) has directed Regionalization/Partnering throughout the Navy. To maximize scarce resources, OPNAV directed that significant reductions in infrastructure be achieved through consolidation, outsourcing, standardization, and streamlining of the business activities that constitute the service and support side of defense. [Ref. 31: p. 1] FISC currently partners with the Pearl Harbor Naval Ship Yard, Naval Intermediate Maintenance Facility, Naval Air Station (NAS) Barbers Point, Submarine Logistics Support Center, Pacific Missile Range Facility, Military Sealift Command Pearl Harbor Division, and Public Works Center Pearl Harbor. [Ref. 32: p. 2]

The remainder of this chapter considers the prospect of partnering with its neighbor the Pacific Division, Naval Facility Engineering Command (PACDIV). This chapter looks at the background of regionalization, FISC Pearl Harbor's strategy on regionalization, and the prospective partnering initiative between FISC Pearl Harbor and PACDIV.

1. Background of Regionalization

The 1990s has been a decade of significant global changes. National security requirements of the Department of Defense (DoD) as a whole, and the Department of the Navy (DON) in particular, have changed dramatically. Large cuts in service budgets are driving force reductions to critical levels which threaten DoD's ability to meet war-fighting requirements to support national military strategy. [Ref. 31] To maximize resources available to the DON war-fighting activities, the Office of the Chief of Naval

Operations, Navy Staff (OPNAV) has directed significant reductions in infrastructure through consolidation, outsourcing, standardization, and streamlining of the business activities that constitute the service and support side of defense. [Ref. 31]

Efforts are underway within the Navy to identify ways to streamline, consolidate, standardize, and otherwise reduce its cost for shore infrastructure support operations. In particular, Hawaii is looking to streamline the acquisition process through the partnership of FISC Pearl Harbor and PACDIV.

2. FISC Pearl Harbor's Strategy of Regionalization

Support of naval operating forces is inherently a regional concept. Ships and aircraft executing missions in a specified area of the world find themselves alternating between upkeep and maintenance periods at their home bases and remote operational assignments while deployed or on exercises.

The Navy support infrastructure is regional in nature. In home ports, the full range of maintenance, logistics, personnel, and administrative support is available to support operating forces, whereas overseas support facilities are designed, for the most part, as way-stations – intended primarily to provide the maintenance and logistics support needed to sustain deployed operations.

Although this concept is regional, the chain of command is not necessarily so. Support services at a given location are sometimes under a single command, sometimes under a variety of commands, sometimes under the operational force commander, and sometimes under a totally separate chain of command.

Regardless of the chain of command, one can expect the operational commanders to exercise the most influence on the nature of support that is demanded and provided in a particular region. Varied elements of the support in a region – supply, contracting, maintenance, transportation, personnel, etc. - will require close coordination among the providing commands, especially with the operational commanders who represent the regional customers.

This is particularly important in Pearl Harbor, where the FISC fills both the role of the home port provider and the role of the remote way-station for units transiting the Pacific.

Accordingly, the strategy of FISC Pearl Harbor is to work as closely as possible with the other support commands in Hawaii to provide coordinated “one-stop shopping” for mutual customers. In concert with the operational chain of command, FISC seeks to eliminate duplication and inefficiencies and to provide a “seamless” support system for all naval and military forces in the mid-Pacific region. [Ref. 17: p. 9]

OPNAV initiated regionalization efforts to develop organizational structure and propose an implementation plan that will maximize core competencies, leverage acquisition expertise, reduce the installation management costs, and provide a unified customer-focused business approach that is in concert with these goals. With these goals in mind, FISC Pearl Harbor partnership agreements were entered with the Pearl Harbor Naval Ship Yard, Naval Intermediate Maintenance Facility, NAS Barbers Point, Submarine Logistics Support Center, Pacific Missile Range Facility, Military Sealift Command, Pearl Harbor Division, and Public Works Center, Pearl Harbor. [Ref. 32: p.2]

3. Partnering Initiative between FISC Pearl Harbor and Pacific Division, Naval Facilities Engineering Command (PACDIV)

a. Background

Naval Facilities Systems Command (NAVFAC) and the Naval Supply Systems Command (NAVSUP) jointly directed FISC Pearl Harbor and PACDIV to develop an implementation plan for a logical alternative organizational concept that could best achieve OPNAV's goals. To this end, FISC Pearl Harbor and PACDIV were directed to aggressively evaluate their existing contracting organizational structures, relationships, and processes to identify alternatives that will facilitate an end-state organization that will be better positioned to support its customers. [Ref. 31: p.1]

As a part of this effort, the NAVSUP Commander and the NAVFAC Commander held a joint meeting to assess synergistic relationships between NAVSUP and NAVFAC. On 11 December 1997, NAVSUP and NAVFAC issued a joint message identifying Pearl Harbor as the prototype site for a pilot contracting partnership initiative. FISC Pearl Harbor Code 200 and PACDIV Code 02 were tasked to conduct a business case analysis (BCA) to formulate a draft implementation plan outlining a logical alternative organizational concept that leverages the best of both organizations. [Ref. 32: p.1]

As discussed earlier, FISC Pearl Harbor provides contracting support for supplies, services, information technology resources, Range Operation Support (ROS) and Base Operation Support (BOS) services to shore commands, fleet units (transient and home ported), and the command infrastructures that directly support them in Hawaii and Guam.

The PACDIV current concept of operations consists of providing procurement support for services (e.g. architect-engineer, construction, BOS, facility support and environmental) to DoD activities dispersed throughout the Pacific Rim and Indian Ocean (such as Hawaii, Johnson Atoll, Guam, Japan, Singapore, and Diego Garcia). PWC Pearl Harbor provides procurement support for services such as facility support, construction to fleet, DON and DOT shore activities on the island of Oahu. The Resident Officer in Charge of Construction (ROICC) Pearl Harbor, formerly known as the Field Office Model (FOM), is the site of a contract alliance between PWC Pearl Harbor and PACDIV. [Ref. 32: p. 2]

b. Mission

The mission of an integrated FISC Pearl Harbor (NAVSUP) and PACDIV (NAVFAC) contracting organization will be to enhance and sustain the combat readiness and mission capability of all applicable DON and other applicable DoD and DOT activities serviced in the Pacific Area of Operations (PAO), by providing quality and timely contracting support with the lowest possible resource expenditure. [Ref. 21: p. 1]

c. Objective

The purpose of the BCA was to develop an organizational structure and propose a partnership plan that will maximize core competencies, leverage acquisition expertise, reduce installation management costs, provide a unified customer-focused business approach, and be in concert with OPNAV regionalization initiatives.

The primary mission of the BCA team was to maximize core competencies, leverage acquisition expertise, reduce the cost of doing business, and provide a unified, customer-focused business approach that will facilitate OPNAV's regionalization initiatives. The scope of this mission included:

- Identify current acquisition organizational structure at FISC Pearl Harbor and PACDIV (to include the Public Works Center, Pearl Harbor (PWC Pearl) and the Resident Officer in Charge of Construction, Pearl Harbor (ROICC Pearl)).
- Develop performance evaluation procedures and metrics.
- Define the proposed consolidated acquisition organization and end-state business practices. [Ref. 31: p.1]

d. Major Assumptions and Constraints

The BCA conducted a joint endeavor with a diverse combination of representatives, both military and civilians, with expertise in contracts, finance, and human resources. At a minimum, contract representatives from FISC Pearl Harbor, PACDIV, ROICC Pearl Harbor, PWC Pearl Harbor, and the Field Office Model participated in the development of the BCA. Major assumptions and constraints are listed in Appendix D. [Ref. 21]

e. Comparison of Workload and Competition Data

The integrated partnership concept of operations addresses projected staffing requirements. In addressing this proposed concept of operations, the following metrics (Table 3.3. and 3.4.) are provided.

1. Workload Comparison

Organization	Type of Procurement	Number of Actions	Total Dollar Amount
FISC Pearl	Large	89	\$54,296,119
	Small	22,754	\$49,392,850
	Total	22,843	\$104,088,969
PACDIV	Large	261	\$355,525,149
	Small	2,029	\$20,882,184
	Total	2,290	\$376,407,333
PWC Pearl	Large	199	\$97,095,786
	Small	23,462	\$41,610,503
	Total	23,661	\$138,706,289

Table 3.3. Workload Comparison

[From Ref. 21]

2. Competition Data

Description	NAVSUP Goals	FISC Pearl Achievements	
Competition Advocate	98%	94.2%	
Small Business (SB)	50%	63.3%	
SB Women-Owned	4%	5.5%	
Small Disadvantaged Business	10%	9.6%	
	NAVFAC Goals	PACDIV Achievements	PWC Pearl Achievements
Competition Advocate	95.0%	99.9%	97.5%
Small Business (SB)	43.2%	8.3%	47.5%
SB Women-Owned	5.0%	.3%	1.7%
Small Disadvantaged Business	13.4%	29.4%	5.1%

Table 3.4. Competition Data

[From Ref. 21]

f. Overview of Current Operations

FISC Pearl Harbor. FISC Pearl Harbor's current concept of operations consists of providing procurement support for supplies, services, IT resources, ROS services and BOS services to shore commands, fleet units (transient and home ported), and the command infrastructure that directly support them in Hawaii and Guam. Support is also provided on a limited basis to Army, Air Force, and other DoD and DOT activities.

PACDIV. PACDIV's current concept of operations consists of providing procurement support for services (e.g., architect-engineer, construction, BOS, facility support, and environmental) to DoD activities dispersed throughout the Pacific Rim and Indian Ocean (such as San Diego, Hawaii, Johnson Atoll, Guam, Japan, Singapore, and Diego Garcia).

PWC Pearl Harbor. PWC Pearl Harbor's current concept of operations consists of providing procurement support for services (e.g., facility support and construction) to fleet, DON shore activities and other applicable DoD and DOT activities on the island of Oahu, Hawaii. [Ref. 21: p. 4]

The existing "as is" state reflects the current procurement functions of FISC Pearl Harbor, PACDIV, and PWC Pearl Harbor. Data were accumulated through integrated brainstorming sessions and business profiles were developed to include function descriptions. [Ref. 21: p. 6] A pictorial of the existing "as is" state is provided in Figure 3.5.

A depiction of the consolidated procurement partnership concept of operations between FISC Pearl Harbor, PACDIV, and PWC Pearl Harbor is provided in

Figure 3.6. This end-state organization integrates existing NAVSUP and NAVFAC contracting personnel and operations into a single “joint” contracting organization.

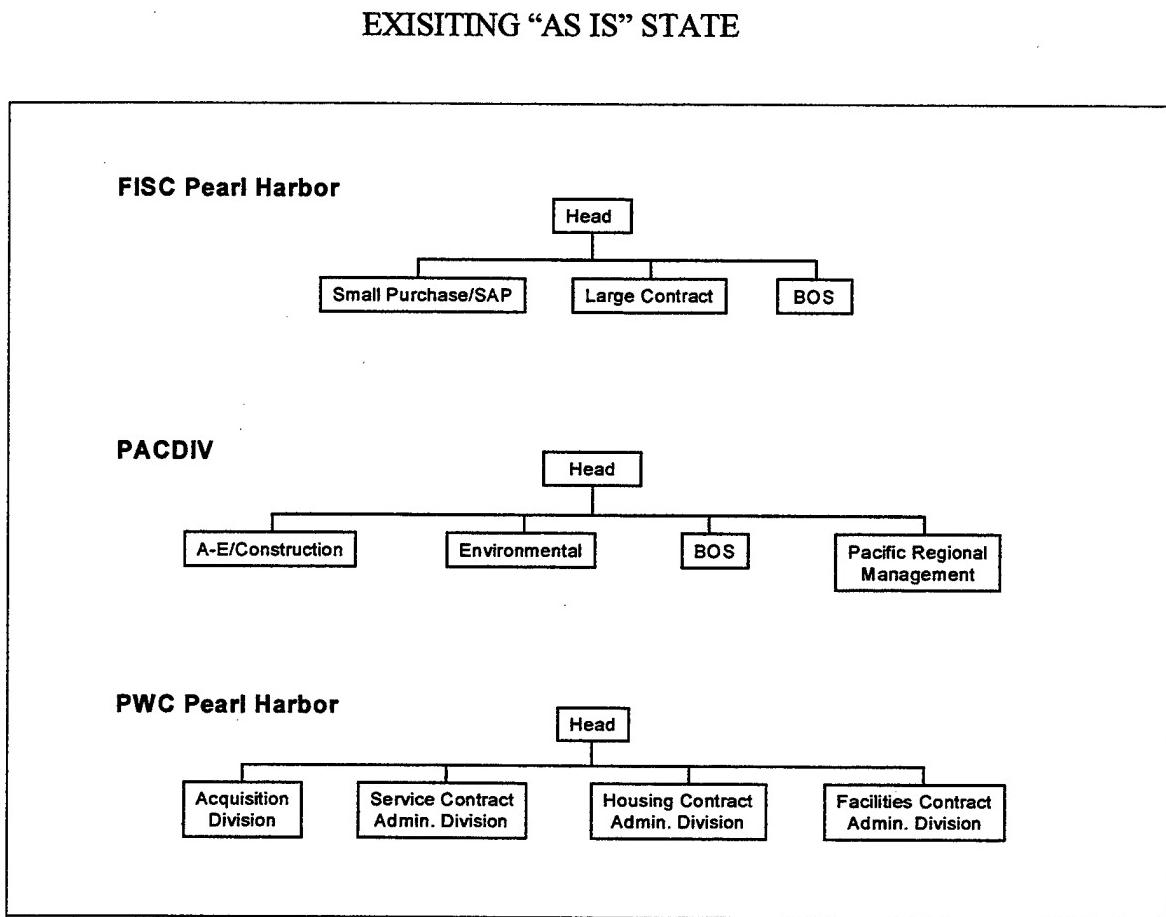


Figure 3.5. Existing “As Is” State

[From Ref. 21]

“End State” Concept of Operations. The “end state” reflects a proposed consolidated contracting partnership between FISC Pearl Harbor, PACDIV, and PWC Pearl Harbor. The end state will integrate existing NAVSUP and NAVFAC contracting personnel and operations into a single “joint” contracting organization. A combined NAVSUP and NAVFAC concept team was formed to identify improvements,

efficiencies, and resources which could be shared. Benefits of a FISC Pearl Harbor and PACDIV partnership will include actual cost savings, deferred cost savings, opportunity cost savings, and other non-cost benefits.

“END STATE” CONCEPT OF OPERATIONS

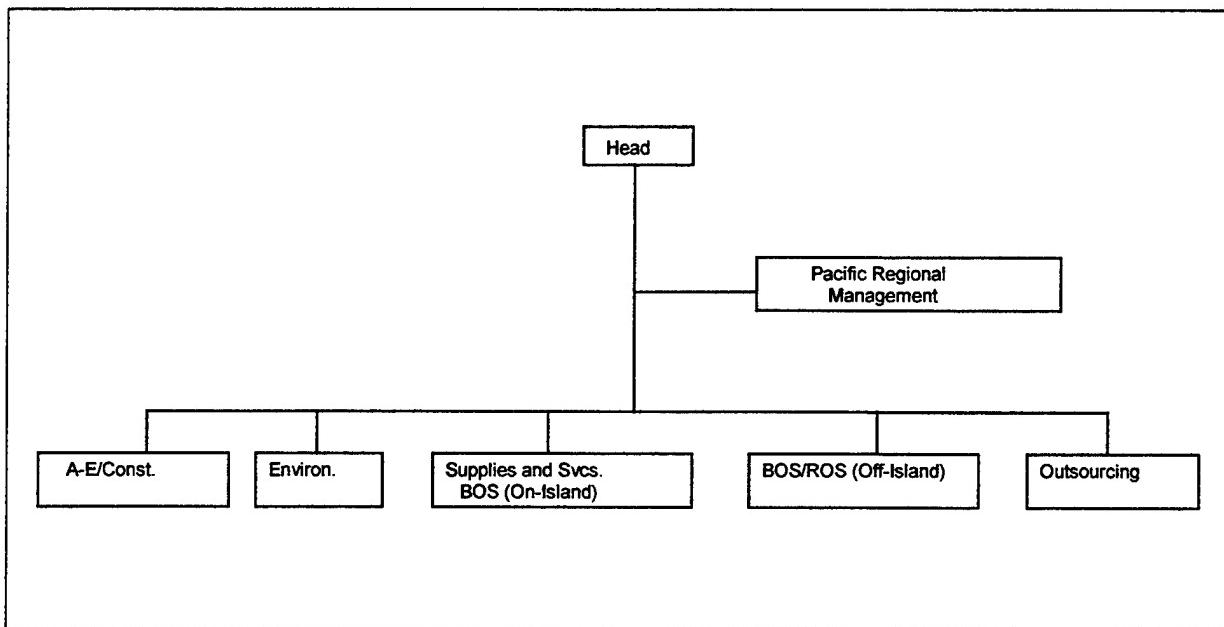


Figure 3.6. “End State” Concept of Operations

[From Ref. 21]

The BCA relied on information obtained through subject matter experts in automated data processing, contracting, facilities, finance, and human resources.

g. Baseline Cost Analysis

1. Labor Costs

a. Civilian Personnel. Civilian personnel costs were calculated based on on-board personnel at actual pay rates and steps and at representative pay rates when actual pay rates and steps were not available. In addition to base salaries,

General Schedule (GS) labor costs included a 22.5% cost of living allowance (COLA) and a fringe benefit cost of 23%. The projected "As Is" and "End State" civilian labor costs and savings under a contracting partnership are summarized in Table 3.5 (Summary of Civilian Labor Costs).

b. Military Personnel. Military personnel labor costs were calculated using current billet assignments and rates. A projected "As Is" and "End State" military labor costs and savings under a procurement partnership are summarized in Table 3.6 (Summary of Military Labor Costs).

SUMMARY OF CIVILIAN LABOR COSTS

SERIES	AS IS (#)	AS IS (\$)	END STATE (#)	END STATE (\$)	COST SAVINGS (\$)
1102	157	10,136,297	146	9,455,336	680,961
1106	52	1,810,401	44	1,526,350	284,051
1105	43	1,645,958	31	1,221,238	424,720
1101	21	964,397	19	889,588	74,809
2003	1	63,115	1	63,115	0
561	1	41,437	1	41,437	0
344	1	41,677	1	41,677	0
343	1	31,273	0	0	31,273
342	2	75,709	2	75,709	0
334	1	61,706	1	61,706	0
326	3	73,183	2	54,990	18,193
318	2	72,260	2	72,260	0
303	3	106,172	3	106,172	0
301	1	46,744	1	46,744	0
300	0	0	1	48,033	-48,033
TOTAL	289	15,170,336	255	13,704,362	1,465,974

Table 3.5. Summary of Civilian Labor Costs [From Ref. 21]

Note: Dollar figures are shown in base (FY98) dollars

SUMMARY OF MILITARY LABOR COSTS

RANK	AS IS (#)	AS IS (\$)	END STATE (#)	END STATE (\$)	COST SAVINGS (\$)	COST SAVINGS OVER FIRST YEAR (\$)
05	3	279,801	2	186,534	93,267	93,267
04	5	394,635	5	394,635	0	0
03	9	597,366	9	597,366	0	0
02	2	110,654	2	110,654	0	0
01	2	91,542	2	91,542	0	0
<hr/>						
TOTAL	21	1,473,998	20	1,380,731	93,267	93,267

Table 3.6. Summary of Military Labor Costs

[From Ref. 21]

Note: Dollar figures are shown in base (FY98) dollars

2. Non-Labor Costs

Non-labor costs included consumable supplies, equipment operation, maintenance and repair, travel, training, rental/lease, telecommunications, printing and reproduction, acquisition of minor property and furniture, utility and facility-related costs, and automated data processing (ADP) costs. The projected “As Is” and “End State” non-labor costs and savings under a contracting partnership are summarized in Table 3.7 (Summary of Non-Labor Costs).

h. Implementation Requirements

The following are implementation requirements to include ADP, SPS interface, communications, and facilities:

SUMMARY OF NON-LABOR COSTS

COST	"AS IS"	"END STATE"	COST SAVINGS
Recurring	\$ 1,449,919	\$ 1,400,368	\$ 49,551
Non-Recurring Outlay*	\$ 517,858	\$ 1,430,980	\$ (913,122)
Savings and Cost Avoidance			
Recurring	\$ -	\$ 99,088	\$ 99,088
Non-Recurring	\$ -	\$ 2,454,000	\$ 2,454,000
Grand Total 1st Year			\$ 1,689,517
Grand Total 2nd Year			\$ 148,639
* Non-Recurring Outlay "End State" = Implementation Cost			

Table 3.7. Summary of Non-Labor Costs

[From Ref. 21]

Note: Dollar figures are shown in base (FY98) dollars.

1. ADP

The following ADP requirements are necessary for successful implementation.

- A shared Local Area Network (LAN)/ADP system access for collocated contracting divisions is required. Improved LAN accessing, NT server processing capability, and Router and Hub switching upgrades are necessary to support Personnel Computer (PC) connectivity/upgrades to 100 megabyte capacity.
- Network cabling and installation/reconfiguration of collocated contracting personnel workstations will be required.
- Upgraded SPS compatible PC workstations are required by both FISC Pearl Harbor, PACDIV and PWC Pearl Harbor. Specifically, eight PCs for FISC Pearl

Harbor and combined total of 110 PCs for PACDIV/PWC Pearl Harbor personnel. [Ref. 21: p. 14]

2. SPS Interface

- SPS must be stood up and operational prior to the partnership implementation to establish a common acquisition Management Information and Procurement system.
- The PWC Pearl Harbor Small Purchase/SAP division will be converted to APADE/SPS operation upon its integration with the existing FISC Pearl Harbor small purchase/SAP division. Line connectivity, installation, cabling, equipment upgrade and personnel system training will be required.

3. Communications

- An upgraded telephone service which includes voicemail, bi-directional facsimile transmission capability and installation will be required to support the collocated contracting divisions.

4. Facilities

- Costs to renovate existing facilities for the collocated contracting divisions are estimated at \$515,000 (e.g., furniture, electrical and parking). [Ref. 21: p. 14]

H. SUMMARY

This chapter has considered the foundation of the contracting environment in which FISC Pearl Harbor and RCD operate. Both internal and external factors have been identified and discussed by addressing the acquisition streamlining initiatives currently employed at FISC Pearl Harbor and the reorganization initiatives on the Hawaiian Islands. Internal factors addressed are people, processes, and customers of the RCD. Results and analysis of the acquisition streamlining survey are presented in Chapter IV. External factors, especially the partnering initiative between FISC Pearl Harbor and PACDIV is critically analyzed by the researcher. What is its potential viability and worth to FISC Pearl Harbor as a means of acquisition streamlining?

IV. ANALYSIS

A. INTRODUCTION

This chapter is an analysis of the data collected. In this chapter the researcher analyzes the collected data as they pertain to the subsidiary research questions. This analysis, leading to the answers to the subsidiary questions, is broken down into the following areas:

- Organizational design within the Fleet and Industrial Supply Center (FISC) Pearl Harbor and how it relates to the customers of, and the processes employed by, the Regional Contracting Department (RCD)
- The acquisition streamlining survey
- The external environment, i.e. the partnering initiative with Pacific Division, Naval Facilities Engineering Command (PACDIV).

1. Organizational Design of the RCD

a. How It Relates to Its Customers

The current organization chart of the RCD, as depicted in Chapter III (Figure 3.1.), was designed to provide more personal and responsive customer support, a concept called Customer Focused Contracting. Despite this goal, the new organizational chart is still more focused on procurement type than on the customer. Division 201 is for large purchase; division 202 is for small purchases; and division 203 is for service type contracts. In this capacity, customer support is fragmented and customers are prone to receive their procurement support across all RCD divisions.

Within division 201, divisions A and B have been formed with a customer focus in mind. However, division 201C was established strictly for Base Operating Services (BOS). Large contract customers find their contracts processed by division 201, only to have their requirements further separated within the RCD. They could find themselves organized by customer in divisions 201A or 201B, or if they are BOS contracts, they will be processed by 201C. This “customer-based” organizational structure attempts to organize by customer but ignores the fact that customers, under this organization, may concurrently have contracts in divisions 201, 202, 203, 201A or 201B, and 201C. The customer can easily perceive that the RCD is not providing a “single face to the customer.”

Furthermore, internal to the organization, there are four layers of management and thus approval authority, from the contract specialist “on the floor” to the Director of Contracting (Code 200). A primary and a secondary contract specialist are currently assigned to each contract; however, even this lends itself to cross single-customer boundaries.

To rectify the above-mentioned problems with the current organizational structure, the entire layer of middle-management, i.e. divisions 201, 202, and 203 should be re-structured. Furthermore, division 201C, BOS, should be eliminated and its primary function of services should be absorbed into divisions 210A and 201B. The remaining divisions, 201A and 201B, should be organized by customer. In this respect, a single customer will find all of its requirements, large, small, or BOS, being processed by a single division, either 201A or 201B. The customers of the RCD, as depicted in Chapter

III according to dollar value, should be allocated evenly between divisions 201A and 201B in order to “fair-share” the workload.

This “new” organizational structure will have two distinct advantages: 1) it will reduce the layers of bureaucracy, and 2) it will align the divisions by customers which could lead to the facilitation of Integrated Product Teams (IPTs), especially with respect to the larger customers, e.g. the Pearl Harbor Naval Shipyard. Team leaders, previously heading up divisions 201, 202, and 203, will head up divisions 201A and 201B and be granted contracting warrants. Granting contracting warrants to the team leaders will empower them and establish a sense of accountability by making them responsible for their own contracts.

This proposed “team-based” concept streamlines the acquisition process by (1) shortening the review/approval process, (2) and providing a single-face to the customer. This, in turn, will foster consistent customer service and build corporate knowledge with respect to individual customer’s needs and desires.

The process employed by RCD with respect to the organizational chart provides for a hierarchical structure. This structure does not empower the contract specialists. Currently, only two contract specialists, the GS-1102-13s, possess contracting warrants. Therefore, *all* contracts must be funneled through at least one of these individuals, causing a potential bottleneck and possible increase in PALT. Further exacerbating the contract award process is one of the GS-1102-13s, position of Deputy Director. When the Deputy Director acts as a contracting officer, his primary duties as Deputy Director to the Director of Contracting are impacted.

Furthermore, in this respect, dollar thresholds have not been pushed down to the lowest levels in the organization. Contract award authority, not to exceed \$250,000, should be pushed down to the lowest levels in the organization, where appropriate. There appears to be a lack of confidence in the training possessed by the Level II DAWIA certified contract specialists. Addressing this lack of confidence by granting the contract specialists limited warrants would empower the employees, reduce the burden on the GS-1102-13s, re-establish the advantages of having a full-time Deputy Director, increase the efficiency of the contracting office, and streamline the acquisition process.

This empowering action will not come without trade-offs. Contracting mistakes will probably occur. However, the GS-1102-13s should spot-check the contract work to ensure quality. With proper guidance over time, the new contracting officers will be effective without reliance on unnecessary reviews.

b. Processes Employed by the RCD

Contracting processes employed by the RCD, as discovered in Chapter III, do appear to have streamlined the acquisition process. Specific initiatives include: past performance/best value evaluation; commercial warranties; pre-post negotiation memoranda; progress against procurement plan milestones; simplified format for business clearances under \$500,000, and the use of cost or pricing data.

To further analyze the processes employed by the RCD, the researcher sought to check the “pulse” of the organization with respect to acquisition streamlining through the use of a survey. The survey was designed to obtain insight into the contracting processes,

both actual and perceived, from the personnel responsible for conducting acquisition streamlining at the RCD, the contracting specialists.

2. The Acquisition Streamlining Survey

a. General

This section first presents an overview of the methodology of the acquisition streamlining survey. The overview is then followed by a generalization of the intent, or focus, behind the survey. Next, thirteen categories of survey questions are presented, along with specific questions asked in each category, the researcher's intent behind the questions asked in each category, and an empirical representation of the responses received to each question. The empirical representation of the survey question responses consists of an objective presentation of the responses received. These include the number of responses and the proportion of responses to the total number of respondents (percentage). An analysis of the survey responses directly follows the presentation of the empirical data.

b. Methodology of the Acquisition Streamlining Survey

A twenty-four question survey was distributed to the FISC Pearl Harbor RCD. Survey participation was voluntarily. The survey specifically identified only GS-1102s since this thesis is limited to studying the procurement process for large contracts. (Only GS-1102s handle large contracts.) There are currently ten GS-1102s assigned to the FISC Pearl Harbor RCD. Eight completed surveys were returned.

c. Intent of the Acquisition Streamlining Survey

Survey questions sought to ascertain; a) the level of experience and current responsibilities of each buying agent completing the survey; b) the current status of acquisition streamlining initiatives, as perceived by each survey participant, and: c) the buying agent's views of these efforts and their individual approaches to conducting acquisition streamlining. It is the researcher's belief that evaluating the present status of acquisition streamlining efforts at the FISC Pearl Harbor RCD was imperative to establishing a baseline upon which to build an assessment of the acquisition streamlining processes currently employed by the RCD.

1. Survey Demographics

a. *Questions and Responses*

A total of six questions were asked to determine who was completing the survey. This series of questions was designed to identify the experience, level of Defense Acquisition Workforce Improvement Act (DAWIA) certification and the current level of responsibility of the survey participants. The researcher's initial assumption is that the greater the experience, DAWIA certification level, and degree of responsibility of those completing the survey, the greater the credibility and quality of the survey results. However, the researcher considers that this may not necessarily be so. The more senior people may be more inclined to talk the "talk" of acquisition reform without actually walking the "walk." The following are the specific questions and their responses to the questions used to identify the survey participant and in terms of experience, DAWIA certification, and level of responsibility.

Question 1: How long have you been designated as an 1102 Government Procurement Professional?

	Responses	Percentage
A. Less than 1 year		
B. 1 – 3 years		
C. 4 – 5 years	1	12%
D. Greater than 5 years	7	88%

Question 2: Do you currently possess a Government Contracting Warrant?

	Responses	Percentage
Yes	2	25%
No	6	75%

Question 3: If yes to question 2, what is the dollar threshold of your warrant?

	Responses	Percentage
A. \$0 – \$25,000		
B. \$25,001 - \$99,999		
C. \$100,000 – \$499,999		
D. \$500,000 - \$1,000,000		
E. Greater than \$1,000,000	2	100%

Question 4: Are you currently Defense Acquisition Workforce Improvement Act (DAWIA) Certified?

	Responses	Percentage
Yes	8	100%
No	0	0%

Question 5: If yes to question 4, what is the highest DAWIA Certification Level you currently hold?

	Responses	Percentage
A. Level I	0	0%
B. Level II	6	75%
C. Level III	2	25%

**Question 6: On average, how many procurements are you responsible for at a given time?
(Check appropriate boxes)**

Number of Procurements versus Dollar Level

	Below \$100,000	\$101,000- \$500,000	> \$500,000
0 – 5 Procurements	1	4	6
6 – 10 Procurements	0	2	0
11-20 Procurements	1	1	1

Table 4.1.

Source: Developed by the Researcher

b. Analysis

The results of the demographic portion of the survey clearly indicate that the majority of the respondents are experienced and DAWIA-certified buyers. However, only the two GS 1102-13s hold significant financial responsibility in the form of a contracting warrant. Although the level of experience and training vary, 88% of the respondents have over five years of acquisition experience. Additionally, all respondents are DAWIA certified and are Level II or higher. However, only two contract specialists have contracting warrants. This suggests that either the organization does not appropriately recognize the experience and skill levels of their employees or the organization feels that the training and education could be beneficial but not sufficient.

Given these demographic characteristics, the researcher asserts that the respondents hold sufficient knowledge and experience to serve as valid and insightful sources who are capable of providing meaningful insight into the acquisition streamlining processes currently employed at the RCD.

2. Level of Understanding of Acquisition Streamlining

a. *Questions and Responses*

This section of the survey was designed to determine the participant's knowledge and perception of the survey topic: acquisition streamlining. The following are the specific questions and their responses used to help identify if the participants have, and feel that they have, an adequate understanding of the survey topic.

Question 7: What is *your* definition of Acquisition Streamlining?

A total of eight respondents answered this question. Their definitions are provided below:

- A way of reducing the amount of time it takes to process a requirement. This would impact on the entire process inclusive of all reviews.
- To improve the buying process by eliminating unnecessary tasks or consolidating processes in order to provide services to our customer in a timely, cost effective manner.
- Acquisition of a product or service that meets the customers needs and results in a good business deal for the Government, using the most efficient way possible to reduce administrative effort and procurement time to buy the products/services. These procurements have to be within the framework of established regulations, i.e. FAR, unless those requirements are not in the Government's best interest and a business decision is made to do otherwise and documented.

- Legally shortening the procurement process where appropriate and using the method of procurement that enables the Specialist to obtain the supply or service for the customer in the most expeditious timeframe or manner.
- An ongoing process of reviewing, challenging, and validating the need and methods for the currently established procurement structure, with the goal of modifying and simplifying the process through mechanization's and deployment of other smart, efficient business practices.
- Reduce the amount of time it takes to process a procurement.
- The continuous development and refinement of our processes and procedures which allows us to process our customers requirements in a more timely manner.
- To reduce the acquisition process by eliminating unnecessary steps/reviews/paperwork that are currently included in our procurement process.

b. Analysis

The answers provided by the respondents appear to capture a clear understanding of the term “acquisition streamlining.” Answers provided range from the broad-brush approach of, “reducing the time it takes to process a procurement,” to a more specific micro-level approach of, “the continuous development and refinement of our processes and procedures which allows us to process our customers requirements in a more timely manner.”

All of the answers provided state, either explicitly or implicitly, that acquisition streamlining is a method of simplifying the acquisition process as well as reducing cycle time. The researcher feels that the answers provided adequately demonstrate an understanding on the part of the respondents to the concept of “acquisition streamlining.” Given the above responses and the degree of DAWIA level certification held by the respondents, the researcher feels the remainder of this survey is of great benefit and

provides considerable insight into the acquisition processes employed at FISC Pearl Harbor RCD.

3. Who Currently Performs, When Is, and When Should Acquisition Streamlining Be Conducted, and What Techniques are Employed?

a. Questions and Responses

This series of questions is aimed at determining if the survey participant's duties included acquisition streamlining, if all buyers at the activity were considered responsible for acquisition streamlining, and to what extent. The following seven questions provided information on who, when, and with what techniques is acquisition streamlining being performed at the RCD.

Question 8: Concerning *Oral Presentations*, which of the following apply to you?

- A. Have conducted or participated in one procurement using Oral Presentations.
- B. Have conducted or participated in more than one procurement using Oral Presentations.
- C. Have experienced procurements where Oral Presentations were not used but would have been useful.
- D. Have no experience in dealing with Oral Presentations.

Answers:	Responses:	Percentage:
A	1	12.5%
B	2	25%
C	1	12.5%
D	4	50%

b. Analysis

One of the most efficient means of acquisition streamlining is the use of oral presentations to support source selections. The use of oral presentations is a technique which provides offerors with the opportunity to present information through verbal means, thereby greatly reducing the need for written material. The RCD has performed recent source selections utilizing oral presentations.

Half of the respondents answered that they either had used or had experienced procurements where oral presentations could have been useful. Since two of the respondents saw an increased need for oral presentations, the researcher believes that an increased use of oral presentations could prove to be very effective for the RCD in reducing acquisition lead time, especially with regards to more complex procurements.

However, half of the respondents had no experience in dealing with oral presentations. This percentage is not surprising when considering the number of procurement actions and associated dollar values that are associated with non-complex buys. For non-complex buys, the use of oral presentations would not be warranted, as in the case of Invitation for Bids (IFBs).

Question 9: Concerning *Paper-less Contracting*, which of the following apply to you?

- A. Have conducted or participated in one procurement using Paper-less Contracting.
- B. Have conducted or participated in more than one procurement using Paper-less Contracting.
- C. Have experienced procurements where Paper-less Contracting was not used but would have been useful.
- D. Have no experience in dealing with Paper-less Contracting.

Answers:	Responses:	Percentage:
A	2	25%
B	1	12.5%
C	2	25%
D	3	37.5%

b. Analysis

Paper-less contracting can significantly streamline the RCD's acquisition process. There can be a substantial impact on the acquisition workforce as a result of the paper-less contracting initiative. The impact will manifest itself in two ways. First, fewer contract specialists will be needed throughout the entire acquisition system as a result of converting to an integrated, paper-less operation because there will be less paper to create and maintain, and data will not need to be entered and re-entered into automated systems. Second, RCD will need to acquire new skills for operating in a paper-less process. Developing these skills will require both traditional training and the development of just-in-time distance learning capabilities.

Besides reducing infrastructure costs, reducing both the amount of paper generated and the number of times data must be entered into data systems will reduce cycle time, reduce errors, reduce the total ownership costs of the items FISC Pearl Harbor acquires, and will realign the acquisition workforce to focus on initiatives which will improve the quality and the price of goods and services FISC Pearl Harbor acquires.

The RCD currently issues solicitations and amendments electronically, but all other documentation, to include reviews and proposals, are submitted by hard copy. The RCD appears to be in the initial stages of implementing paper-less contracting and are headed in the right direction.

Question 10: Concerning *Consolidating Requirements*, which of the following apply to you? (You may choose more than one).

- A. Have conducted or participated in one procurement where Requirements were Consolidated.
- B. Have conducted or participated in more than one procurement where Requirements were Consolidated.
- C. Have experienced procurements where Consolidating Requirements was not used but would have been beneficial to the government.
- D. Have no experience in dealing with Consolidating Requirements.

Answers:	Responses:	Percentage:
A	2	22.2%
B	3	33.3%
C	1	11.1%
D	3	33.3%

b. Analysis

Consolidating requirements can lead to reduced Procurement Action Lead Time (PALT) as well as reduced cycle time. Progress appears to have been made with respect to consolidating requirements. However, one-third of the responses given relate to having no experience in dealing with consolidating requirements. Possible causes for the lack of experience in consolidating requirements could be a lack of training, desire, or understanding of how best to proceed with this process or by a lack of similar procurements between customers that would not facilitate the need for consolidating requirements. The researcher feels that the RCD could realize more consolidation of requirements especially in the area of Base Support Services (BOS) on the Hawaiian Islands.

Question 11: Concerning *Commercial Warranties*, which of the following apply to you? (You may choose more than one).

- A. Have conducted or participated in one procurement where Commercial Warranties were procured.
- B. Have conducted or participated in more than one procurement where Commercial Warranties were procured.
- C. Have experienced procurements where Commercial Warranties were not used but would have been beneficial to the Government.
- D. Have no experience in dealing with Commercial Warranties.

Answers:	Responses:	Percentage:
A	0	0%
B	7	86%
C	0	0%
D	1	14%

b. Analysis

The RCD appears to have significant experience in the use of commercial warranties. All respondents, with the exception of one, replied that they have used commercial warranties, where appropriate, on more than one procurement. The researcher infers that the one person who has had no experience in dealing with commercial warranties has not been exposed to procurement buys that would facilitate the necessity for commercial warranties.

Question 12: Concerning *Past Performance*, which of the following apply to you? (You may choose more than one).

- A. Have conducted or participated in one procurement where Past Performance was a critical element of the source selection criteria.
- B. Have conducted or participated in more than one procurement where Past Performance was a critical element of the source selection criteria.
- C. Have experienced procurements where Past Performance was not used but would have been beneficial to the government.
- D. Have entered Past Performance criteria into Contractor Performance Assessment Reporting System (CPARS).
- E. Have no experience in dealing with contractor Past Performance

Answers:	Responses:	Percentage:
A	0	0%
B	8	88.8%
C	0	0%
D	1	11.1%
E	0	0%

b. Analysis

The RCD appears to have significant experience in the use of past performance. All respondents replied that they have used past performance on more than one procurement. The one respondent to the CPARS section of the question is the RCD Deputy Director who is solely responsible for entering data into the CPARS system. This may stem from a perceived lack of quality control if data is entered by multiple users. The researcher believes that this sole-responsibility for the CPARS system could be fair-shared and delegated down to the lower levels. In-house training on CPARS could, and should, be afforded to all contract specialists.

Question 13: Concerning *Pre-Award Conferences*, which of the following apply to you? (You may choose more than one).

- A. Have conducted or participated in one procurement where a Pre-Award Conference was conducted.
- B. Have conducted or participated in more than one procurement where Pre-Award Conferences were conducted.
- C. Have experienced procurements where Pre-Award Conferences were not conducted but would have been beneficial.
- D. Have no experience in dealing with Pre-Award Conferences.

Answers:	Responses:	Percentage:
A	0	0%
B	3	27.4%
C	4	36.3%
D	4	36.3%

b. Analysis

Three of the eight respondents answered yes to section B above. This information suggests that less than half of the respondents use pre-award conferences prior to awarding contracts. Half of the respondents have experienced potential opportunities where pre-award conferences could be further utilized, while the remaining half has no experience in pre-award conferences. When used effectively, pre-award conferences can gain meaningful insight of and feedback from prospective offerors. This, in turn, will promote competition, greatly enhance the customers' satisfaction through requirement definition and determination, and further streamline the acquisition process. Greater emphasis should be placed on pre-award conferences at the RCD when it makes sense to do so. The requirement for pre-award conferences must be tailored to each procurement because if pre-award conferences are used indiscriminately, they could actually increase PALT.

Question 14: Concerning *Post-Award Conferences*, which of the following apply to you? (You may choose more than one).

- A. Have conducted or participated in one procurement where a Post-Award Conference was conducted.
- B. Have conducted or participated in more than one procurement where Post-Award Conferences were conducted.
- C. Have experienced procurements where Post-Award Conferences were not conducted but would have been beneficial.
- D. Have no experience in dealing with Post-Award Conferences.

Answers:	Responses:	Percentage:
A	1	9%
B	5	46%
C	3	27%
D	2	18%

b. Analysis

The results of the post-award section of this survey demonstrate a greater emphasis placed on post-award conferences as compared to pre-award conferences. Three-fourths of the respondents have participated in post-award conferences, while half of those respondents have seen a need for an increase in post-award conferences. The researcher believes that the RCD realizes the benefits of post-award conferences but has not sufficiently implemented this process in its business operating practices.

4. Perceived Activity Emphasis on Customer Feedback

a. Questions and Responses

To gain insight into the relative importance of customer feedback at the RCD, the following question was asked:

Question 15: Concerning Customer Surveys/Feedback, which of the following apply to you?

- A. Have solicited and received Customer Surveys / Feedback on a regular basis.
- B. Have rarely solicited or received Customer Surveys / Feedback.
- C. Have no experience in dealing with Customer Surveys / Feedback.

Answers:	Responses:	Percentage:
A	5	63%
B	2	25%
C	1	12%

b. Analysis

Over one-third of the respondents do not solicit feedback from their customers in the form of a formal survey. Customer surveys/feedback are an efficient means in obtaining quality feedback. Customer feedback is crucial in a services-type organization

such as a contracting office. One respondent expounded on this question and mentioned that though surveys were solicited, the surveys were rarely returned. To continuously monitor the office's contracting performance, the researcher believes that greater emphasis should be placed on customer service and obtaining quality feedback, positive or negative, from all customers in a timely manner.

5. Extent to Which the Organizational Structure Supports Acquisition Streamlining

a. Questions and Responses

To ascertain the buyer's perception of the current organizational structure, the following question was asked:

Question 16: Do you feel that Integrated Product Teams (IPT's) could be beneficial if implemented at FISC Pearl Harbor? Yes No

	Responses	Percentage
Yes	5	63%
No	3	37%

b. Analysis

Integrated Product Teams (IPTs) have experienced great success by reducing PALT on Major Defense Acquisition Programs (MDAPs) at the SYSCOMs and this concept could prove to be beneficial to FISC Pearl Harbor. Though FISC Pearl Harbor's requirements base does not appear to facilitate the need for IPTs, over half of the respondents feel that IPTs could produce benefits if implemented at the RCD. The

researcher believes that the concept of IPT could be established on a trial basis using FISC Pearl Harbor's largest customer, the Pearl Harbor Naval Shipyard.

Though the researcher does not believe that the full concept of IPT could be realized by the FISC, the researcher embraces the concept that the contract specialists should be organized into "buying teams" to provide a "single face to the customer."

6. Perceived Activity Emphasis on Acquisition Streamlining

a. *Questions and Responses*

The following questions were asked to discern to what extent the contracting office is currently streamlined:

Question 17: In your opinion, are there redundancies or duplications of work in the contracting office that could be eliminated? Yes No

	Responses	Percentage
Yes	8	100%
No	0	0%

b. *Analysis*

Redundancies and duplications in the contracting process are the antithesis of what acquisition streamlining is designed to accomplish. All respondents, i.e. 100% of all contracts specialists employed at FISC Pearl Harbor, openly recognize that there is room for improvement with respect to streamlining the acquisition process.

In the event of a large percentage "yes" response to question 17, question 18 was designed to "uncover" and "shed some light" on the current atmosphere of FISC Pearl Harbor with respect to redundancies.

Question 18: If yes on question 17, please explain below.

Eight respondents replied to this question. The following are their responses:

- Completing management information system reports.
- There are multiple reviews being performed with multiple revisions for procurement actions. The reviews need to be lessened. Internal training /Standard Operating Procedures (SOP) could reduce the error rate and result in less review. As with other products, quality control needs to be conducted in a manner that will not affect the production line. A review process could be instituted, emphasized training, and the establishment of SOPs to minimize product defects vice the "you didn't do it right, redo it" system.
- Have a current/updated copy of the FAR, DFARS, NAPS, etc. in the library in lieu of all Contract Specialists having to keep their volumes.
- One very distinct duplication/redundancy is providing the same data for many different reports. The Management Information System, which is the database is under-used. Instead, the Specialists are asked to provide the data that could be retrieved off the MIS.
- Another is our shared files in the LAN system should be updated on a regular basis. We are told we don't have the manpower to keep the files current. As a result each specialist will update the file when needed.
- FISC Pearl issues Indefinite Delivery Type Contracts and we don't always solicit them for the FAR allowed base period and for option periods (max of 5 years). Recommend we do so, whenever it is warranted, thus ending duplication of procurement effort.
- Each individual in this contracting office maintains their own hardcopy of the FAR and DFARS. That's a lot of duplication and time spent on just filing when we could be spending more productive time working on procurements. Perhaps if we could have a clerk maintain perhaps two or three sets in the main library and allow all the specialists access to these volumes it would really cut down on the amount of time spent by specialists on just filing. Having all 9 specialists spending time filing the same documents seems like a waste of time. Although we could use the internet to access the FAR and DFARS, it's a very slow method when we are doing research, and so do need some up-to-date hard copies available.

- We need to re-standardize our processes and our work methodologies. SPS is making us do business a lot differently in many cases and we have to adjust our processes to take advantage of this new instrument.
- A standard buy takes about 150 days according to the milestones. Most of that is spent in reviews. We also have many memos and documents we fill out that are not required by the FAR and I'm not sure if they have much added value to the process. We also do not fully utilize automated tools within the office and do not access solicitations that others may be working on. We frequently reinvent the wheel with each buy. I currently have 6 pre-awards and use the same shell as much as possible, but others who only have one buy at a time, have to develop a new one each time. Others don't use shells, but pull the clauses each time from a clause book because that is what they are comfortable in doing. They take a lot of time to build a solicitation that way.

b. Analysis

This question has provided great insight into the organization with respect to redundancies. The RCD appears to be plagued with multiple and unnecessary reviews and reports which have been borne out of a resistance to adequately embrace and implement various automated capabilities available to the contract specialists. In an office that is currently overworked and understaffed, spending time on duplicate reports and making publication changes to the FAR is not only antiquated, but a waste of valuable resources.

Proper use of the automated Management Information System (MIS) would reduce duplication of work and the need for multiple paper reports. The MIS would become an invaluable asset if properly employed by upper management. The Defense Acquisition Deskbook (DAD) is the industry-standard for researching the FAR and Defense Federal Acquisition Regulation Supplement (DFARS) and should be incorporated into the contract specialists "toolbox."

From the comments provided by the respondents, the researcher believes that the office lacks a common "vision," and current processes are in place because, "we've always done it that way." The researcher feels that these redundancies and duplications must be eliminated for acquisition streamlining to be realized.

7. Existence of Any Policy or Barriers to Conducting Acquisition Streamlining

a. *Questions and Responses*

This category of questions is critical to the primary research question: "What are the viable methods of streamlining the acquisition process at FISC Pearl Harbor?" The researcher strongly believes that despite whatever successes may be revealed through the research of the acquisition processes employed at RCD, if actual or perceived barriers to acquisition streamlining exist, the process will never be an effective one. In order to determine if actual or perceived policy or technical barriers currently manifest themselves in the RCD, the following questions were asked of the contract specialists:

Question 19: In your opinion, do barriers exist that hinder or make your job more difficult to perform? Yes No

	Responses	Percentage
Yes	8	100%
No	0	0%

b. *Analysis:*

As with redundancies and duplications of work, barriers in the workplace not only hinder acquisition streamlining, they also limit employees' ability to perform their jobs efficiently. All respondents stated that there are existing barriers that make their jobs

more difficult to perform. Question 20 was designed by the researcher to uncover these barriers to acquisition streamlining.

Question 20: If yes on question 19, please explain below.

- The sheer number of reviews, each reviewer making changes that reflect their individual writing style makes it difficult to get things out. Since contracting officers sign all the letters, even the most trivial items have to be reviewed by someone else before we can get them out. However, if we implement the suggestion to issue everyone warrants up to \$250,000 (effective 6/1/99), this problem may go away. There is a concern for individuals who may not be fully qualified to hold those warrants as their work is especially prone to mistakes, but that is an issue that supervisors will have to develop a way to monitor it.
- Ability to fill vacancies in a timely manner is probably the biggest barrier we face. The next is not being able to have our journeyman level 1102s at the same grade as our competing Navy contracting offices. For instance, NAVFAC's journeyman level is 1102-12; ours is 1102-11. We continue to lose the best of our 1102s to NAVFAC because of this difference.
- Our legal counsel provides incomplete or ambiguous legal advice. It would be helpful if she provided more detailed information of what she feels needs to be done. Oftentimes we have to guess what her answers mean or we have to go and discuss it with her to get clarification and/or additional information before we can move forward with our procurements.
- All contract matters at FISC are reviewed by a Contracting Officer. Presently there are only two Contracting Officers; thus the review process is affected and delays are encountered. Recommend issuing \$250,000 limited warrant to all journeyman Contract Specialists to eliminate bottleneck and improve the process.
- There are too many reviews conducted for each procurement package. These barriers make our jobs more difficult because we are also accountable for the time it takes to complete the procurement process. Additionally, there were too many changes in a very short time with little guidance.
- When doing admin modifications or canned letters for renewals or options, for example, we need to have our contracting officer sign these letters or modifications. Why can't the specialists sign these letters or modifications?
- Excessive reviews.
- Numerous reviews concerning work.

- When procuring a supply or service for a customer, often times the person listed on the requisition or job material list (JML) as point of contact is not the final end user of the product or service. This has created delays in the process and miscommunication issues.
- While each contracting action is unique unto itself, the work does flow through various processes in a manner where assembly line techniques could be used to reduce error rate and improve the time it takes to process the action. Currently, changes to those processes are done by inspection as the work is on the production line, rather than being formulated independently in the process. (i.e. Supervisor has idea/reminder for work which is expressed during review of a procurement and returns the work to the specialist for rework. The specialist then reworks the requirement and may or may not make a change to the process, i.e. assembly line. If assembly line techniques were used, the supervisor would have an easy avenue to make the improvement in the process so the next product would be changed and all products changed consistently in the future.) Many days in procurement time and hours spent in rework could be saved in this manner.
- The processes need to be reviewed to see what documentation/work in the processes can be performed with as little effort as possible. This again would result in a consistent product, would leave specialists with additional hours to think about the business deal, instead of the mechanics involved with the business deal, and would also result in a product that was produced faster. (i.e. in the vein of the assembly line analogy, it would be equivalent to having pre-manufactured, already inspected fenders dropping onto a car frame with the worker tweaking the fasteners for the fenders vice the worker pounding a fender out of sheet metal with an inspector looking over his shoulder telling him to pound the individual fender in a different way in different areas.) There are some areas currently, i.e. LAN letters where this has already been accomplished. However, there are no procedures for maintaining the existing systems. With all the rapid changes seen in the last few years, the existing pre-assembled products have not been kept up to date, and therefore are not as useful as they could be. Additional review of areas in the processes needs to be done to see if other areas could also be pre-assembled with little work required by the specialist. When doing pre-award work, the specialists find the person who did the last procurement to see how the work looked after review, to see what the product looks like. If the processes were better organized with SOPs/further pre-assembled products which could be easily revised, this would be unnecessary.

b. Analysis

This question identified significant areas for improving the acquisition process at FISC Pearl Harbor. All respondents remarked that barriers exist that hinder or make their

job harder to perform. The researcher believes that the results of this survey question can be grouped into three broad categories: a) excessive reviews, b) personnel issues, and c) a lack of consistency with respect to procurement processes within the office.

The first issue, excessive reviews, has provided great insight into the inter-workings of the office. Overwhelmingly, seventy-five percent of the respondents, i.e. all of the contracts specialists below the GS-1102-13 level, remarked that excessive reviews were a major barrier in performing their jobs. The process flow of paperwork appears to be bottle-necked as documents make their way up the chain. This may be because there are only two warranted contracting officers in the office who must review/authorize *all* procurements. Excessive reviews and duplicate reports must be eliminated. Empowering the employees, thereby pushing approval authority and dollar thresholds to the lowest appropriate level, would reap benefits in this office to eliminate redundancies and streamline the acquisition processes.

Secondly, personnel issues appear to be a concern. The office is currently undermanned. All three of the allocated GS-1102-12 positions are vacant. Furthermore FISC's journeyman level is an 1102-11 while neighbor commands, such as NAVFAC, have journeyman levels at the 1102-12 level. FISC has experienced a high turnover of qualified personnel due to this grade imbalance on the island.

Finally, one-fourth of the respondents stated that there is an inconsistency with respect to the current procurement processes. The researcher believes this inconsistency stems from the apparent under utilization of RCD's process flow diagram for large contracts.

8. Level of Resources Available to Support Acquisition Streamlining

a. *Questions and Responses*

The following question was asked to discern the extent of the importance training is placed at the RCD:

Question 21. In your opinion, do you feel that training is adequately emphasized at FISC Pearl Harbor? Yes No

	Responses	Percentage
Yes	4	50%
No	4	50%

b. *Analysis*

This question clearly calls for the need for greater emphasis to be placed on training the contracting workforce. One-half of the respondents feel that training is not adequately emphasized at FISC Pearl Harbor RCD. Two of the four that believe that training is adequately emphasized are the GS-1102-13s. This suggests that a training structure is in place; however, the contract specialists at the lower grades believe that the provided training is inadequate to meet their needs. This question and its findings are closely related to the expanded findings discovered in Questions 22 and 23.

9. Skills Possessed Which Support Acquisition Streamlining

a. Questions and Responses

Questions 22 and 23 were designed to determine the individual skill levels of the survey participants, their views of the skills possessed at the RCD, and those skills required but not yet achieved:

Question 22: In your opinion, do you feel you have the proper training to successfully perform your job description? Yes No

	Responses	Percentage
Yes	5	63%
No	3	37%

b. Analysis

Over one-third of the respondents feel that they do not have the proper training to perform their contracting jobs successfully. This statistic is alarming given the fact that all respondents are at least Level II DAWIA certified as attested to in Question 5. The researcher senses a lack of in-house training, a lack of mentoring, and the need for re-training in the core competencies outlined and certified in Level II DAWIA training courses.

Questions 23: If no on question 22, please explain below the training you lack or desire:

- Although I have the requisite training to perform my current job, I am not able to perform in areas we are trying to hire for. I do not have any training in cost reimbursement, therefore, cannot apply for the Pacific Range Missile Facility

promotion. It is discouraged to take any contracting class that is outside our current job description such as source selection, architech-engineer contracts, cost reimbursement, program management, etc. These classes may not be useful right now, but would allow contract specialists to become well-rounded and serve to protect our position if regionalization should occur. Having the flexibility to work on all types of contracts would be key in preserving our organization as well as the individuals within the organization.

- Standard Procurement System (SPS)
- I think a training course in statistics analysis may strengthen negotiation techniques. Courses in computer applications that would enable me to convert forms in other database to be used as attachments in paper-less solicitations. Perhaps basic video training for use in conducting video teleconferencing or oral solicitation projects.
- I think it would be a great training experience to be able to read the business clearances of Specialists at other NAVSUP Claimants and from other agencies such as SPAWAR, FMSO, etc., for the purpose of learning about other types of buys that FISC Pearl Harbor is not accustomed to doing. Perhaps they could be posted on each agency's website and be accessible for reading with an appropriate password or something.
- Internal training sessions should be held on an ongoing basis, especially concerning the newer procedures/methods being established as the result of changes in the acquisition regulations. External training from other sources (i.e. ESI in conjunction with George Washington University) would be beneficial also. Additionally, the command needs to look to sending the certified specialists to "refresher" training when basic DAWIA courses have been taken a long time ago. (i.e. the last time I took Advanced Contracting was in 1990, nine years ago. It would be helpful if I could attend the course again and brush up on and get an inside view from the experts on the newer regulations).

b. Analysis

The results of this question provide additional insight with respect to training. The comments suggest that the in-house training provided is not being provided on a regular basis. The "newer procedures," i.e. the heart and soul of acquisition streamlining and acquisition reform, are not making their way down to the most junior personnel. The researcher senses a lack of emphasis on looking outside the command to find new and

innovative solutions to current problems. FISC Pearl Harbor RCD should be in constant dialogue with other FISC purchasing departments regarding innovative contracting practices and acquisition lessons learned. The organization could benefit from increasing the number of contract specialists sent to “refresher” DAWIA courses, and Individual Development Plans (IDPs) could be tailored to incorporate the training suggestions the contract specialists mentioned in the survey.

10. Additional Information

a. *Questions and Responses*

The final question was actually an opportunity for survey respondents to add any information they felt was relevant to the area of acquisition streamlining that was not previously addressed:

Question 24: Other. Please list or describe other areas or topics that could be implemented or improved to *Streamline the Acquisition process at FISC Pearl Harbor* to make FISC Pearl Harbor the premier contracting department of the Navy.

- More structured guidance, better tools to preclude redundancies/duplication, less micro-managing, and better communication.
- Implementation of SPS/PD2 is the single most important thing that can be done now to streamline the acquisition process at FISC Pearl Harbor.
- While I don't think training is lacking at FISC Pearl Harbor, I do feel we need more detailed guidance on how to do past performance evaluations. The contract specialists do the evaluations and it seems we are just given guidance (by the supervisors or legal counsel) as issues come up. Therefore, only if a specialist happens to be involved with a particular past performance evaluation when an issue comes up and is clarified does that specialist receive any direction. The specialists who are not involved in that particular past performance evaluation usually are not made aware of the guidance given.

- We need to do more marketing of our department to our customers. For instance, one of my customers, CINCPACFLT, has so many departments and only a few of them utilize FISC, Pearl Harbor to purchase items. Others go directly to GSA where they pay a fee to access their contracts. They could save money if they came to us and we would benefit from their business. Other customers may not be aware of what we can buy. We can do many IT process improvement studies and implementation, business process re-engineering, and several other studies that the larger commands may find useful in identifying areas in which they could improve their processes and save money in the future. We can contract to hire services for writing A-76 papers or other commercial study activities. All this can be accomplished under GSA federal supply schedules so we should be able to purchase each of these within a few weeks. We need to sell our services to the customer and ensure that we can buy what they want as fast as we can and get things for them that they didn't even know they needed. If we can make them grateful for helping them identify their needs and fulfilling them, we can ensure our long-term future. Right now we have too many customers who either overlook us or are annoyed with our long processes and excessive paperwork.

- Standardization; stabilizing the workforce; continuous process improvement; more in house training; more customer interface at the department level.

b. Analysis

This question was designed to uncover further areas of improvement and/or future areas of implementation. Though most of the respondents addressed issues that have been previously covered by this survey, the issues surfaced ranged from reducing the level of micro-management in the office to marketing the skills and value of the FISC Pearl Harbor RCD.

Issues raised by the respondent suggest the contract specialists realize that improvements internal to the organization need to be made. Concurrently, the value of this office needs to be marketed to the surrounding community to allow FISC Pearl Harbor RCD to achieve its full potential and ensure its long-term future.

d. Overall Analysis of the Acquisition Streamlining Survey at the RCD

The purpose of the acquisition streamlining survey presented to the contract specialists at FISC Pearl Harbor was to check the “pulse” of the RCD organization with respect to acquisition streamlining. The survey was designed to obtain insight into the contracting processes, both actual and perceived, from the personnel responsible for conducting acquisition streamlining at the RCD, the contracting specialists.

Great insight into the procurement processes employed by the RCD was uncovered. Though the RCD performs many functions exceptionally, the glaring results of the survey indicate the presence of excessive redundancies throughout the office. These redundancies hinder the contract specialists from most effectively performing their duties and subsequently diminish the benefits that could be reaped through acquisition streamlining.

The remainder of this chapter considers the proposed partnering initiative between FISC Pearl Harbor and PACDIV.

3. Partnering Initiative

Acquisition Streamlining Analysis of the FISC / PACDIV Partnership

A partnership is defined by NAVSUP as,

“A fixed price contract...with a Memorandum of Agreement (MOA) between a FISC and a customer site for supply support. The agreement, based on a BCA determining the baseline costs of operations and savings, will be established on a reimbursable or fee-for-service basis.” [Ref. 33]

The proposed partnership outlined in Chapter III between FISC Pearl Harbor and PACDIV could accommodate OPNAV regionalization directives: maximize core competencies, leverage acquisition expertise, reduce the cost of doing business through recurring and non-recurring savings, and provide a single-face to the customer.

Under the proposed partnership, all FISC Pearl Harbor, PACDIV, and PWC Pearl Harbor contracting functions would be transferred and consolidated under a single joint integrated contracting organization with all associated NAVSUP and NAVFAC civilian positions, contracting interns, and military billets.

This proposed joint contracting organization would provide contracting support to all Department of the Navy (DON) and applicable DoD activities previously supported by FISC Pearl Harbor, PACDIV, and PWC Pearl Harbor. The integrated contracting organization would be organized and staffed to jointly support the NAVSUP and NAVFAC customer-focused contracting concept. FISC Pearl Harbor, PACDIV, and PWC Pearl Harbor contracting processes, ADP, and minor equipment would be integrated where feasible and cost effective to leverage efficiencies and provide effective utilization of IT in support of DON and applicable DoD activities.

In order to seek optimum efficiency, this proposal would present a 100% integration of procurement support for all supplies and services, BOS on-island (Oahu), BOS off-island, and outsourcing functions.

The cost elements, outlined in Chapter III and are synopsized in Table 4.2 (Cost Elements) and Table 4.3 (Cost Elements).

DESCRIPTION	"AS IS"	"TO BE"	DELTA	% Savings
Staffing Requirements	310	275	35	11.3%
Facility Footprint (Bldg.)	11	6	5	45.5%
Cost Labor/Non-Labor	18,735,199	17,003,319	1,731,880	9.2%

NOTE: The following are not reflected in above figures:

- (1) "To Be" end state start-up costs of: \$913,122

Table 4.2. Cost Elements

[From Ref. 22]

COST COMPONENT	Type	"AS IS" COSTS (\$)	"END STATE" COSTS (\$)	COST SAVINGS (\$)
LABOR (Recurring)	Recurring	16,644,334	15,085,093	1,559,241 ⁽¹⁾
NON-LABOR	Recurring	1,449,919	1,400,368	49,551 ⁽¹⁾
NON-LABOR	Implementation	517,858	1,430,980	(913,122) ⁽²⁾
NON-LABOR (Savings, Cost Avoidance)	Recurring		99,088	99,088 ⁽¹⁾
	Non-Recurring		2,454,000	2,454,000 ⁽³⁾
TOTAL (Recurring)	Recurring			1,707,880
TOTAL (Non-Recurring)	Non-Recurring			1,540,878

(1) Annually

(2) One-time cost

(3) One-time savings

Table 4.3. Cost Elements

[From Ref. 22]

The following cost benefits could be achieved:

- a. Annual labor operating savings for the integrated contracting operation could exceed \$1,500,000 per year.
- b. Annual recurring non-labor cost savings for the integrated contracting operation could exceed \$140,000 per year.

Other benefits to be realized by proposed partnership include the following:

- a. The collocation and combining of contracting offices embraces the National Performance Review Committee, Office of Management and Budget, and Navy Contracting Working Group direction to consolidate, regionalize, and reduce the number of contracting offices and personnel.
- b. Administrative support functions would be consolidated into a single centralized organization. The RCD, formerly FISC Pearl Code 200, would be serviced by the same training division without any additional personnel. Personnel performing redundant coordination tasks at activities within PACDIV would be reassigned to direct contracting positions.
- c. If organized appropriately, partnering would provide a "single-face" to the customer that could reduce cycle time, thereby streamlining the acquisition process.

Though the proposed partnership between FISC Pearl Harbor and PACDIV promises to provide annual operating savings (through the consolidation and co-location of resources) and a "single face" to the customer, the researcher believes that unresolved issues hinder implementation, especially compatibility of product line contracting functions, and command and control.

The two commands are not mirror images of one another; some of their product line contracting functions inherently belong to either one command or another. ROS and IT are performed by FISC Pearl Harbor; and facility, construction, architect-engineer (A&E) contracting, and environmental are inherently PACDIV contracting functions. Because of this, the researcher believes that the two commands do not have to become

one in order to provide a “single face” to the customer. This partnership, and ultimately regionalization, can be achieved through consolidation of the three duplicated contracting functions, i.e. supplies, services, and BOS. The issue is not of partnership or even of total integration for “single face,” but one of the division of labor.

Therefore, an alternative to the 100% proposed consolidation could be achieved. This proposal would entail the consolidation of the supplies, services, and BOS under the control of FISC Pearl Harbor RCD, while the inherent contracting functions of RCD and PACDIV would remain with their parent commands.

This proposed partnership could maximize core competencies, leverage acquisition expertise, reduce the cost of doing business, provide a unified customer-focused business approach with respect to supplies, services, and BOS, and be in concert with OPNAV regionalization directives/initiatives.

B. SUMMARY

This chapter presented an analysis of the data collected. In this chapter the researcher analyzed the data presented as they pertain to the subsidiary questions. This analysis was broken down into three areas: organizational design within FISC Pearl Harbor and how it relates to the customers of, and the processes employed by, the RCD; the acquisition streamlining survey; and the external environment, i.e. the partnering initiative with PACDIV. Chapter V provides conclusions, recommendations, and recommendations for further research.

V. CONCLUSIONS AND RECOMMENDATIONS

A. INTRODUCTION

This thesis provides a clearer understanding of the principles of acquisition streamlining and how those principles have or have not been applied at the Fleet Industrial Supply Center (FISC), Pearl Harbor.

Contracting processes employed by the Regional Contracting Department (RCD), as discovered in Chapter III, do appear to have streamlined the acquisition process. Specific initiatives include: past performance/best value evaluation; commercial warranties; pre-post negotiation memoranda; progress against procurement plan milestones; simplified format for business clearances under \$500,000, and the use of cost or pricing data.

To further analyze the processes employed by the RCD, the researcher sought to check the "pulse" of the organization with respect to acquisition streamlining through the use of a survey. The survey was designed to obtain insight into the contracting processes, both actual and perceived, from the personnel responsible for conducting acquisition streamlining at the RCD, the contracting specialists.

The researcher found that although the RCD performs many functions exceptionally well, the results of the survey indicate the presence of excessive redundancies throughout the office. These redundancies hinder the contract specialists from most effectively performing their duties and subsequently diminish the benefits that could be reaped through acquisition streamlining.

With respect to regionalization, the researcher discovered not an atmosphere of regionalization, but rather one of partnering. This research focused on the proposed contracting partnership between FISC Pearl Harbor RCD and Pacific Division, Naval Facilities Engineering Command (PACDIV).

The scope of this research effort has lead to the following conclusions:

B. CONCLUSIONS

The scope of this research effort has lead to several conclusions concerning the current status of acquisition streamlining efforts at FISC Pearl Harbor RCD.

Conclusion 1. The Regional Contracting Department (RCD) has instituted current acquisition streamlining initiatives, such as paper-less contracting and oral presentations, on a limited basis. The RCD has experienced acquisition streamlining success through the use of these tools and appears to be headed in the right direction. These benefits may be realized over time.

Conclusion 2. The RCD is not organized to best meet the needs of its customers. Therefore, the RCD should consider restructuring its organization to become more customer-focused. In restructuring it should also reduce unnecessary layers of bureaucracy. The organization is more focused on procurement type than on the customer. Division 201 is for large purchase; division 202 is for small purchases; and division 203 is for service-type contracts. In this capacity, customer support is

fragmented and customers are prone to receive their procurement support across all RCD divisions.

Within division 201, divisions A and B have been formed with a customer focus in mind. However, division 201C was established strictly for Base Operating Services (BOS). Large contract customers find their contracts processed by division 201, only to have their requirements further separated within the RCD into customer-organized divisions, 201A or 201B, or if they are BOS contracts, 201C. This “customer-based” organizational structure attempts to organize by customer but ignores the fact that customers, under this organization, may concurrently have contracts in divisions 201, 202, 203, 201A or 201B, and 201C. The customer can easily perceive that the RCD is not providing a “single face to the customer.”

Conclusion 3. The RCD appears to lack confidence in the employees as evidenced by only two contract specialists holding contracting warrants. Only the two GS 1102-13s hold significant financial responsibility in the form of a contracting warrant. Although the level of experience and training vary, 88% of the respondents have over five years of acquisition experience. Additionally, all respondents are DAWIA certified at Level II or higher. However, only two contract specialists have contracting warrants. The researcher concludes that either the organization does not appropriately recognize the experience and skill levels of their employees or the organization does not feel that the training and education has been beneficial.

Conclusion 4. Though the Standard Procurement System (SPS) is currently being installed at RCD, the contracting office is not adequately utilizing the automated techniques currently available. The RCD appears to be plagued with multiple and unnecessary reviews and reports which have been borne out of a resistance to adequately embrace and implement various automated capabilities available to the contract specialists. In an office that is currently overworked and understaffed, spending time on duplicate reports and making publication changes to the FAR is not only antiquated, but a waste of valuable resources. Proper use of the automated Management Information System (MIS) would reduce duplication of work and the need for multiple paper reports. The MIS would become an invaluable asset if properly employed by upper management.

Conclusion 5. The contract specialists have expressed the existence of barriers to job performance through the acquisition streamlining survey. Items of concern include excessive reviews, manning shortfalls, and a lack of consistency with respect to procurement processes within the office. The first issue, excessive reviews, has provided great insight into the inner-workings of the office. Overwhelmingly, 75% of the respondents, i.e. all of the contract specialists below the GS-1102-13 level, remarked that excessive reviews were a major barrier in performing their jobs. The process flow of paperwork appears to be bottle-necked as documents make their way up the chain. This may be because there are only two warranted contracts specialists in the office who must review/authorize *all* procurements. Excessive reviews and duplicate reports must be eliminated. Empowering the employees, thereby

pushing approval authority and dollar thresholds to the lowest appropriate level, would reap benefits in this office to eliminate redundancies and streamline the acquisition processes.

Secondly, personnel issues appear to be a concern. The office is currently undermanned. All three of the allocated GS-1102-12 positions are vacant. Furthermore FISC's journeyman level is an 1102-11 while neighbor commands, such as NAVFAC, have journeyman levels at the 1102-12 level. FISC has experienced a high turnover of qualified personnel due to this grade imbalance on the island.

Finally, one-fourth of the respondents stated that there is an inconsistency with respect to the current procurement processes. The researcher believes this inconsistency stems from the apparent under utilization of RCD's process flow diagram for large contracts.

Conclusion 6. The proposed FISC Pearl Harbor/PACDIV procurement partnership is currently at an impasse. However, the researcher believes an alternative to the 100% proposed consolidation could be achieved. This proposal would entail the consolidation of the supplies, services, and BOS under the control of FISC Pearl Harbor RCD, while the remaining inherent contracting functions would remain with their parent commands. This proposed partnership could maximize core competencies, leverage acquisition expertise, reduce the cost of doing business, provide a unified customer-focused business approach with respect to supplies, services, and BOS, and be in concert with OPNAV regionalization directives/initiatives.

C. RECOMMENDATIONS

Based on the conclusions of this research, the following recommendations are offered to enhance the acquisition streamlining effectiveness of FISC Pearl Harbor RCD:

Recommendation 1. Streamline the organization to eliminate unnecessary layers of bureaucracy, and align the contracting divisions by customer to provide a “single-face to the customer.” To rectify the previously mentioned problems with the current organizational structure, the entire layer of middle-management, i.e. divisions 201, 202, and 203 should be re-structured. Furthermore, division 201C, base operating services, should be eliminated and its primary function of services should be absorbed into divisions 210A and 201B. The remaining divisions, 201A and 201B, should be organized by customer. In this respect, a single customer will find all of its requirements, large, small, or BOS, being processed by a single division, either 201A or 201B. The customers of the RCD, as depicted in Chapter III according to dollar value, should be distributed evenly between divisions 201A and 201B in order to “fair-share” the workload.

This “new” organizational structure will have two distinct advantages: (1) it will reduce the layers of bureaucracy, and (2) it will align the divisions by customers which could lead to the greater use of Integrated Product Teams (IPTs), especially with respect to the larger customers, e.g. the Pearl Harbor Naval Shipyard. Team leaders, previously heading up divisions 201, 202, and 203, will head up divisions 201A and 201B and be granted contracting warrants. Granting contracting warrants to the team leaders will

empower them and establish a sense of accountability by making them responsible for their own contracts.

Recommendation 2. Address the root causes of the reluctance to grant the Level II DAWIA certified specialists contracting warrants.

Recommendation 3. Eliminate unnecessary reports and redundancies in the office, and adequately embrace and implement automated capabilities available to the contract specialists.

Recommendation 4. Remove barriers to job performance, both actual and perceived, through (1) eliminating excessive contract reviews and (2) re-establishing the RCD to its proper manning allowance.

Recommendation 5. Study consolidating FISC Pearl Harbor and PACDIV's contracting functions of supplies, services, and BOS under the control of FISC Pearl Harbor RCD. This study should emphasize that the commands retain their inherent contracting functions with their parent commands.

D. SUMMARY AND REVIEW OF RESEARCH QUESTIONS

In order to accomplish the objectives of this thesis, fundamental research questions were developed. The responses to these questions will now be provided. The subsidiary questions are answered first, followed by the primary question.

Secondary Question 1: What are the essential components of the acquisition streamlining process?

Essential components of the acquisition streamlining process employed by the FISC Pearl Harbor RCD include both internal and external influences on the organization. Internal factors are the organizational design within FISC Pearl Harbor and how it relates to the customers of, and the principal contracting techniques and processes employed by the RCD in pursuing acquisition streamlining. The external environment involves the partnering initiative with PACDIV and its contribution with respect to regionalization on the Hawaiian Islands.

Secondary Question 2: What are the principal contracting techniques currently used for acquisition streamlining?

Current techniques of the acquisition streamlining process employed by the FISC Pearl Harbor RCD include the use of past performance/best value evaluation criteria, past performance, commercial warranties, paperless contracting, oral presentations, progress against procurement plan milestones, simplified formats for business clearances for buys under \$500,000, pre/post business clearances, and continuous DAWIA training.

Secondary Question 3: What are the characteristics of customers at FISC Pearl Harbor?

FISC Pearl Harbor provides procurement support to naval forces and supporting commands in the Mid-Pacific region. The Mid-Pacific region is defined as the Hawaiian Islands and the United States Territories of Guam and the Mariana Islands. This sphere

of influence ranges over 3,300 miles from Honolulu, Hawaii to the island of Guam. FISC Pearl Harbor RCD serves all naval shore commands in the Mid-Pacific region plus all home ported and transiting U.S. and foreign ships and submarines. FISC Pearl Harbor RCD currently serves over 85 naval shore commands.

FISC Pearl Harbor provides contracting support for supplies, services, information technology resources, Range Operating Services (ROS), and BOS services to shore commands, fleet units (transient and home-ported), and the command infrastructures that directly support them in Hawaii and Guam. Support is also provided on a limited basis to Army, Air Force, other DoD, and Department of Transportation (DOT) activities. FISC Pearl Harbor exercises unlimited contracting authority for supplies and services under the Naval Supply Systems Command (NAVSUP) and awarded over 12,000 contracts with a total dollar value exceeding \$82,000,000 in FY98.

Secondary Question 4: Should the Hawaiian Islands be “regionalized” to provide “one face to the customer?” If so, should FISC Pearl Harbor Regional Contracting Office be allowed to satisfy all contracting requirements generated by NAVFAC, CINCPACFLT, and possibly Army, Air Force, and marine activities on the islands?

Regionalization is a current and controversial issue at FISC Pearl Harbor. However, there are currently no attempts to regionalize the Hawaiian Islands under the umbrella of FISC Pearl Harbor. The latest in a series of partnerships is the proposed partnership between FISC Pearl Harbor and its neighbor PACDIV. This proposed partnership is currently at an impasse. However an alternative to the 100% proposed

consolidation could possibly be achieved through the consolidation of the three duplicated contracting functions, i.e. supplies, services, and BOS.

Primary Question: What are the viable methods of streamlining the acquisition process at the Fleet and Industrial Supply Center (FISC) Pearl Harbor?

This question was partially addressed in subsidiary question 1, “What are the essential components of the acquisition streamlining process.” The primary methods of streamlining the acquisition process at FISC Pearl Harbor must take into consideration both the organization’s internal and external environment. The internal environment is the organizational design within FISC Pearl Harbor and how it relates to the customers of, and the principal contracting techniques and processes employed by the RCD in search of acquisition streamlining. The external environment involves partnership agreements in support of regionalization on the Hawaiian Islands.

The acquisition streamlining survey uncovered existing barriers and redundancies in the acquisition process. This allowed the researcher to identify viable methods for streamlining the acquisition process. These possible improvements are addressed in the Recommendations section.

E. SUGGESTIONS FOR FURTHER RESEARCH

The researcher proposes the following two recommendations for further study regarding acquisition streamlining:

- Compare and contrast the FISC Pearl Harbor RCD with the other five FISCs in an effort to streamline the acquisition process across NAVSUP.
- Compare and contrast the FISC Pearl Harbor RCD with other DoD services and activities in an effort to streamline the acquisition process across the DoD.

APPENDIX A
RCD DUTIES AND RESPONSIBILITIES

Director (Code 200)

- Plans and directs purchase and contract administration operations in accordance with current laws and directives.
- Plans and directs the performance of the Regional Contracting Department (RCD) functions for activities within the purview of the Commander, Naval Base Pearl Harbor.

Deputy Director (Code 200A)

- Shares the responsibility with the Department Director of managing the RCD.
- Exercises full associate authority concurrently with the Department Director.
- Represents the Director in his absence.
- Exercises full authority to direct all personnel and units of the department.
- Deputy is dual-hatted as Contracts Division Director. Plans and directs the large contracts procurement and administration operations.

Procurement Staff (Code 200M)

- Plans, directs, and administers the operation of the Contracting Management Staff functions. Applies policies and directives prescribed by higher authority.
- Conducts internal review of RCD actions and performs special projects, surveys, advice, and assistance.
- Responsible for the System Administration, hardware, and software of the Automation of Procurement and Accounting Data Entry (APADE) system.
- Responsible for the administration of the local area network (LAN).
- Prepares, issues, maintains, and reviews blanket purchase agreements (BPA's).
- Investigates and ratifies unauthorized commitments (UAC's).
- Investigates, responds to, and closes out Freedom of Information Act (FOIA) requests.
- Provides internal centralized budget, finance, and requisition preparation services.

Contracts Division (Code 201)

- Plans and directs the large contracts procurement and administration operations.
- Performs contracting services by negotiation and formal advertisement for procurement of supplies and services and Federal information Resources.
- Reviews contractor qualifications and responsibilities.
- Prepare and directs invitations for bids (IFB) and requests for proposals (RFP) as appropriate.
- Receives all bids and proposals. Maintains bid box and publicly opens all bids.
- Analyzes bids and proposals.
- Conducts direct negotiations with prospective contractors.

- Makes determinations on contract award and type of contract utilized.
- Prescribes specific contractual terms and conditions and determines appropriate contract clauses to be implemented in the contract.
- Develops new sources of supply.
- Prepares, edits, and issues large contracts and solicitation documents such as invitations for bids, requests for proposals, and requests for quotations and amendments.
- Abstracts bids and proposals and refers them for award determinations. Provides information pertaining to bid openings and proposals.
- Administers contracts following award and issues change orders or administrative modifications as required. Prepares and issues required documents.
- Modifies contracts by supplemental agreement that effect new procurement, otherwise changes the obligations of the parties to the contract, or implements the obligations of the parties to the contract.
- Negotiates equitable price and delivery adjustments.
- Terminates contacts for default or for the convenience of the government or cancels contracts by mutual agreement without liability to either party.
- Exercises contract options.
- Settles termination claims.
- Makes decisions concerning disputed questions of fact under “Disputes” clause.
- Determines the rights and remedies of the government when contractors fail to perform in accordance with contract requirements.
- Processes assignment of claims, novation agreements, and changes of contractor’s name.
- Performs closeout of contract files.
- Processes contractor’s claims against the government.
- Issues delivery orders against Indefinite Delivery Type Contracts (IDTCs).

Supply and Services Branch A (Code 201A)

- Provides large contracts services for specific customer activities excluding Pearl Harbor Naval Shipyard (PHNSY), Supervisor of Shipbuilding Conversion and Repair San Diego Detachment, Pearl Harbor (SUPSHIP), and base operating type activities.

Supply and Services Branch B (Code 201B)

- Provides large contracts services for specific customer activities including PHNSY and SUPSHIP, and excluding base operating type activities.

Support Services Branch (Code 201C)

- Provides large contracts services for base operating support services type contracts such as the Pacific Missile Range Facility.

Purchase Division (Code 202)

- Reviews purchase requests and determines type and methods of purchase.
- Purchases supplies and services for the Center and its customers using small purchase procedures. Prepares requests for quotations.
- Effects purchases by placing calls under BPA's and the issuance of purchase orders.
- Places orders under FISC Pearl Harbor and other indefinite delivery type contract and Federal Supply Schedules up to \$100,000.
- Maintains catalogs and other data necessary to perform the purchase function.
- Receives and assigns all incoming purchase requests. Maintains control record on all contract actions.
- Prepares and issues purchase documents and modifications and effects proper distribution.
- Performs closeout on purchase files.
- Negotiates equitable price and delivery adjustments.
- Administers purchases following award and issues change orders or administrative modifications as required. Prepares and issues required documents.

Support Service Contracts Division (Code 203)

- Plans and directs the support service contracts procurement and administration operations.
- Performs contracting services by negotiation and formal advertisement for procurement of service contracts.
- Reviews contractor qualifications and responsibilities.
- Prepares and directs invitation for bids and requests for proposals as appropriate.
- Receives all bids and proposals. Maintains bid box and publicly opens all bids.
- Analyzes bids and proposals.
- Conducts direct negotiations with prospective contractors.
- Makes determinations on contract award and type of contract utilized.
- Prescribes specific contractual terms and conditions and determines appropriate contract clauses to be implemented in the contract.
- Develops new sources of supply.
- Prepares, edits, and issues large contracts and solicitation documents such as invitations for bids, requests for proposals, and requests for quotations and amendments.
- Abstracts bids and proposals and refers them for award determinations. Provides information pertaining to bid openings and proposals. Maintains for public examination, copies of bids received and all award/contracts.
- Administers purchases following award and issues change orders or administrative modifications as required. Prepares and issues required documents.
- Modifies contracts by supplemental agreement that effect new procurement, otherwise changes the obligations of the parties to the contract, or implements the obligations of the parties to the contract.
- Negotiates equitable price and delivery adjustments.

- Terminates contracts for default or for the convenience of the government or cancels contracts by mutual agreement without liability to either party.
 - Exercises contract options.
 - Settles termination claims.
 - Makes decisions concerning disputed questions of fact under “Disputes” clause.
 - Determines the rights and remedies of the government when contractors fail to perform in accordance with contract requirements.
 - Processes assignment of claims, novation agreements, and changes of contractor’s name.
 - Performs closeout of contract files.
 - Processes contractor’s claims against the government.
 - Issues delivery orders against Indefinite Delivery Type Contracts (IDTCs).
- [Ref 19: p. 5]

APPENDIX B
ACQUISITION STREAMLINING SURVEY

1. How long have you been designated as an 1102 Government Procurement Professional? (circle one)

- A. Less than 1 year
- B. 1 – 3 years
- C. 4 – 5 years
- D. Greater than 5 years

2. Do you currently possess a Government Contracting Warrant? Yes No

3. If yes to question 2, what is the dollar threshold of your warrant?

- A. \$0 – \$25,000
- B. \$25,001 - \$99,999
- C. \$100,000 – \$499,999
- D. \$500,000 - \$1,000,000
- E. Greater than \$1,000,000

4. Are you currently Defense Acquisition Workforce Improvement Act (DAWIA) Certified? Yes No

5. If yes to question 4, what is the highest DAWAI Certification Level you currently hold?

- A. Level I
- B. Level II
- C. Level III

6. On average, how many procurements are you responsible for at a given time? (Check appropriate boxes)

	Below \$100,000	\$101,000- \$500,000	> \$500,000
0 – 5 Procurements			
6 – 10 Procurements			
11-20 Procurements			

- 7. What is *your* definition of acquisition streamlining?**
- 8. Concerning *Oral Presentations*, which of the following apply to you? (You may choose more than one).**
- A. Have conducted or participated in one procurement using Oral Presentations.
 - B. Have conducted or participated in more than one procurement using Oral Presentations.
 - C. Have experienced procurements where Oral Presentations were not used but would have been useful.
 - D. Have no experience in dealing with Oral Presentations.
- 9. Concerning *Paper-less Contracting*, which of the following apply to you? (You may choose more than one).**
- A. Have conducted or participated in one procurement using Paper-less Contracting.
 - B. Have conducted or participated in more than one procurement using Paper-less Contracting.
 - C. Have experienced procurements where Paper-less Contracting was not used but would have been useful.
 - D. Have no experience in dealing with Paper-less Contracting.
- 10. Concerning *Consolidating Requirements*, which of the following apply to you? (You may choose more than one).**
- A. Have conducted or participated in one procurement where Requirements were Consolidated.
 - B. Have conducted or participated in more than one procurement where Requirements were Consolidated.
 - C. Have experienced procurements where Consolidating Requirements was not used but would have been beneficial to the government.
 - D. Have no experience in dealing with Consolidating Requirements.

11. Concerning *Commercial Warranties*, which of the following apply to you? (You may choose more than one).

- A. Have conducted or participated in one procurement where Commercial Warranties were procured.
- B. Have conducted or participated in more than one procurement where Commercial Warranties were procured.
- C. Have experienced procurements where Commercial Warranties were not used but would have been beneficial to the government.
- D. Have no experience in dealing with Commercial Warranties.

12. Concerning *Past Performance*, which of the following apply to you? (You may choose more than one).

- A. Have conducted or participated in one procurement where Past Performance was a critical element of the source selection criteria.
- B. Have conducted or participated in more than one procurement where Past Performance was a critical element of the source selection criteria.
- C. Have experienced procurements where Past Performance was not used but would have been beneficial to the government.
- D. Have entered Past Performance criteria into Contractor Performance Assessment Reporting System (CPARS).
- D. Have no experience in dealing with contractor Past Performance

13. Concerning *Pre-Award Conferences*, which of the following apply to you? (You may choose more than one).

- A. Have conducted or participated in one procurement where a Pre-Award Conference was conducted.
- B. Have conducted or participated in more than one procurement where Pre-Award Conferences were conducted.
- C. Have experienced procurements where Pre-Award Conferences were not conducted but would have been beneficial.
- D. Have no experience in dealing with Pre-Award Conferences.

14. Concerning *Post-Award Conferences*, which of the following apply to you? (You may choose more than one).

- A. Have conducted or participated in one procurement where a Post-Award Conference was conducted.
- B. Have conducted or participated in more than one procurement where Post-Award Conferences were conducted.

- C. Have experienced procurements where Post-Award Conferences were not conducted but would have been beneficial.
- D. Have no experience in dealing with Post-Award Conferences.

15. Concerning *Customer Surveys / Feedback*, which of the following apply to you?

- A. Have solicited and received Customer Surveys / Feedback on a regular basis.
- B. Have rarely solicited or received Customer Surveys / Feedback.
- C. Have no experience in dealing with Customer Surveys / Feedback.

16. Do you feel that Integrated Product Teams (IPT's) could be beneficial if implemented at FISC Pearl Harbor? Yes No

17. In your opinion, are there redundancies or duplications of work in the contracting office that could be eliminated? Yes No

18. If yes on question 17, please explain below:

19. In your opinion, do barriers exist that hinder or make your job more difficult to perform? Yes No

20. If yes on question 19, please explain below:

21. In your opinion, do you feel that training is adequately emphasized at FISC Pearl Harbor? Yes No

22. In your opinion, do you feel you have the proper training to successfully perform your job description? Yes No

- 23. If no on question 22, please explain below the training you lack or desire:**
- 24. Other. Please list or describe other areas or topics that could be implemented or improved to *Streamline the Acquisition* process at FISC Pearl Harbor to make FISC Pearl Harbor the premier contracting department of the Navy.**

APPENDIX C

CUSTOMERS OF FISC PEARL HARBOR

1. Naval Shipyard Pearl Harbor
2. Naval Station Pearl Harbor
3. Naval Base Pearl Harbor
4. Commander in Chief Pacific
5. Joint Intelligence Center Pacific Pearl Harbor
6. Third Naval Construction Brigade
7. Joint Task Force
8. Naval Intermediate Maintenance Facility Pearl Harbor
9. Naval Magazine Lualualei
10. Commander in Chief Pacific Fleet
11. Naval Security Group Activity Kunia
12. Naval Air Station Barbers Point
13. Pearl Harbor Naval Shipyard and Intermediate Maintenance Facility
14. US Naval Activities Guam
15. Naval Medical Clinic Pearl Harbor
16. Submarine Force Pacific
17. Seal Delivery Vehicle Team One Pearl Harbor
18. Naval Command and Control and Ocean Surveillance Center San Diego
19. Navy Environmental and Preventative Medicine Unit 6
20. Navy Inactive Ship Maintenance Facility
21. Naval Facilities Engineering Command Pearl harbor
22. Naval Command and Control and Ocean Surveillance Center Pearl Harbor
23. Submarine Training Facility Pacific Pearl Harbor
24. Naval Undersea Warfare Center Detachment Lualualei
25. Special Operations Command, Pacific, Camp Smith
26. Naval Security Group Activity Pearl Harbor
27. Supervisor of Shipbuilding Conversion and Repair Detachment Pearl Harbor
28. Navy Environmental and Preventative Medicine Pearl Harbor
29. Pacific Missile Range Facility Barking Sands
30. Naval Communications Station Japan
31. Defense Communications Agency Pacific Area Wheeler
32. Defense Commissary Agency
33. Naval Communication Station Philippines Sea Duty Component
34. Chief of Naval Personnel
35. Naval Dental Center Pearl Harbor
36. Fleet Area Control and Surveillance Facility Hawaii
37. Navy Public Works Center Pearl Harbor
38. Navy Petroleum Office Cameron Station
39. Naval Criminal Investigative Service Headquarters Washington DC
40. Naval Computer and Telecommunications Area Master Station
41. Submarine Squadron Three

42. Ships Maintenance Monitoring Systems Component
43. Afloat Training Group
44. Naval Facilities Engineering Command Atlantic Division
45. Commander in Chief Atlantic
46. Submarine Base Pearl Harbor
47. Submarine Squadron 7 Pearl Harbor
48. Naval War College Newport Rhode Island
49. Naval Pacific Meteorology and Oceanography Center Pearl Harbor
50. Submarine Squadron One
51. Fleet Integrated Logistics Overhaul Team Pacific
52. Human Resources Service Center
53. Aegis Training Support Group Pearl Harbor
54. Submarine Logistics Support Center Detachment
55. Mobile Diving and Salvage Unit 1
56. Commander Patrol Wings Pacific Barbers Point
57. Special Boat Squadron San Diego
58. Patrol Squadron Special Projects (VP-2) Barbers Point
59. Fleet Recreation Coordinator
60. Fleet Integrated Logistics Overhaul Activity Pacific
61. Amphibious Group One
62. Naval Education and Training Professional Management Support Activity Pensacola
63. Naval Aviation Engineering Service Unit Philadelphia
64. Explosive Ordnance Disposal Training and Evaluation Unit 1
65. Military Sealift Command Support Unit
66. Naval Station Puerto Rico
67. Antisubmarine Warfare Force Pacific Fleet
68. Trial Service Office Pacific
69. Defense Subsistence Office Hawaii
70. Defense Logistics Agency
71. Helicopter Antisubmarine Squadron (HS14) Atsugi Japan
72. Personnel Support Activity Bremerton
73. Commander Third Fleet
74. Navy Broadcasting Service Fleet Support Detachment Pearl Harbor
75. Naval Legal Service
76. Naval Surface Group Middle Pacific
77. Submarine Group 7
78. Space and Naval Warfare System Command Norfolk
79. Fleet Aviation Specialized Operational Training Group
80. Naval Construction Regiment Detachment Pearl Harbor
81. Patrol Squadron (VP-4)
82. Fleet Imaging Center Pacific Barbers Point
83. Submarine Squadron 17 Silverdale
84. Mobile Mine Assembly Group Detachment 7 Luahualei
85. Naval Aerospace and Operational Medical Institute Pensacola
86. Defense Printing Service Detachment Office Pearl Harbor

APPENDIX D

MAJOR ASSUMPTIONS AND CONSTRAINTS TO PARTNERING:

1. Partnership will result in the same or improved level of service to existing DON and applicable DoD activities.
 - b. Proposed contracting end state organization will be provided joint contracting authority from both NAVSUP and NAVFAC.
 - c. Proposed contracting end state organization will be funded to jointly standup and operate commensurate with Commander in Chief, Pacific Fleet (CINCPACFLT) Information Technology 21 (IT21) standards.
 - d. Proposed contracting end state organization and resulting personnel integration/transfers will be approved by the respective unions involved.
 - e. Where feasible, contracting operations will transition from Navy Working Capital Fund (NWCF) and Supervision, Inspection and Overhead (SIOH) to Mission Funding (MF).
 - f. Identified contracting area will be collocated to FISC Pearl compound Bldg. 475, Pearl Harbor.
 - g. The Procuring Contracting Officer (PCO) and Administrative Contracting Officer (ACO) functions will be consolidated into a single "Cradle to Grave" PCO/ACO function throughout the proposed contracting end state organization.
 - h. Upon approval of the proposed Concept of Operations, NAVSUP and NAVFAC will develop a Memorandum of Agreement (MOA) to define:
 - (1) Host/Tenant responsibilities and funding of Base Operating Support (BOS) services
 - (2) Financing arrangements
 - (3) Reporting and Command structure
 - i. Support functions will be identified and consolidated to the maximum extent practical. A streamlined and centralized division will provide services such as, but not limited to:
 - (1) Implementation of the Performance Measurement and Assistance Program (PMAP)
 - (2) Defense Acquisition Workforce Improvement Act (DAWIA) training and other specialty courses
 - (3) DAWIA certification
 - (4) Acquisition policy dissemination
 - (5) Warranting
 - (6) Financial systems (e.g., Facility Information System (FIS), Standard Procurement System (SPS), DD Form 350/DD Form 1057 keying)
 - (7) Contract Reporting
 - j. SPS will be implemented and supported within the proposed contracting end state organization.

k. International Merchant Purchase Authorization Card (IMPAC) will significantly reduce the number of micro-purchase contract actions currently performed by Series 1105 personnel.

l. PWC Pearl's small purchase/Simplified Acquisition Procedures (SAP) division will be consolidated with FISC Pearl's automated small purchase/SAP division as recommended in COMNAVFACEENGCOM message 091024Z DEC 97. FISC Pearl's Automation of Procurement and Accounting Data Entry (APADE) System will support PWC Pearl's operation.

m. Proposed contracting end state organization will embrace and rely on INTERNET/Electronic Data Interchange (EDI). The increased usage of IT resources will afford reductions in clerical and administration staff support.

n. Personnel actions (e.g., personnel hiring and adverse actions) will be centrally approved and coordinated by the Head of the proposed contracting end state organization.

o. Non-Acquisition personnel (e.g., engineering series) were not considered in this BCA. Integration and competency consolidation were only identified within contracting or direct acquisition/contract series such as:

- (1) Series 1101: Inspectors/Quality Assurance
- (2) Series 1102: Contract Specialists, Procurement Analysts
- (3) Series 1105: Purchasing Agents
- (4) Series 1106: Procurement Clerks

p. Personnel Actions for specific series will comply with existing DON policy and COMNAVFACEENGCOM ltr Ser 113A/111A/97-39 of 7 Mar 97.

(1) Reductions to Series 1101 personnel will be possible through outsourcing and transfer of non-technical quality assurance to the customers. A 25% reduction will be accomplished within one year of implementation.

(2) Reductions to Series 1105 and 1106 personnel will be possible by centralizing maintenance funding, eliminating the need to break down recurring maintenance service contract invoices and billings into individual job order numbers, increasing the use of customer purchase cards for routine small purchases and transferring non-technical small dollar actions to the customer.

- (i) Series 1105 personnel will be reduced by 25% within one year of implementation.
- (ii) Series 1106 vacancies will not be "back filled." [Ref 21: p. 4]

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